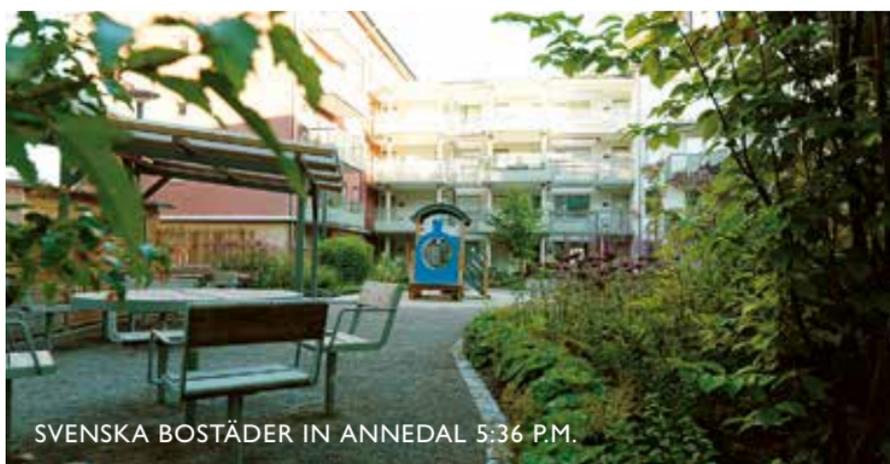




THE TELE2 ARENA 7:53 P.M.

# 2013 ANNUAL REPORT STOCKHOLMS STADSHUS AB



SVENSKA BOSTÄDER IN ANNEDAL 5:36 P.M.

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# This is Stockholms Stadshus AB

The theme for this year's Annual Report is "Stockholm in the afternoon light." At this time of day, the City is alive with activity. The streets are full of children and adults making their way home from pre-school, school and work. This is a city that believes in the future and a growing number of people are moving here. By 2024, Stockholm will be the home to one million people. Some 30 major city development projects are currently being planned or carried out. Municipal services in Stockholm will be improved. The companies will play a crucial role in realising the City's goals: each individual company initiative is one step in the journey towards a world-class Stockholm.

**Since 1991**, Stockholms Stadshus AB has been the parent company of a Group comprising 16 active subsidiaries and one associated company. In turn, more than half of the companies have subsidiaries of their own – sub-groups. Stockholms Stadshus AB is owned by the City of Stockholm and serves as a unifying function for most of the City's limited liability companies. Together with the City's administrations, these companies make up the Municipal Group. The companies conduct municipal operations by offering and supplying services to the citizens of the City, including everything from housing, water supply, school buildings, port facilities and parking operations to tourist information and a cultural offering. Further information regarding each subsidiary and its operations can be found on page 32 onwards. Stockholm City Council has delegated the operational ownership dialogue to the Board of Directors of the parent company, Stockholms Stadshus AB – known as the Group Board of Directors – which comprises a politically appointed Board reflecting the distri-

bution of seats in the City Council. The parent company, Stockholms Stadshus AB, and its Group Management are responsible for strategic management and for the Group's overall development. Stockholms Stadshus AB's tasks include governance and strategic planning. This involves ensuring the optimal utilisation of financial resources and ensuring that the subsidiaries achieve set targets and implement the City Council's owner directives. Municipal companies are governed by more laws than privately and publicly held companies: among other regulations, they are subject to the Swedish Companies Act, the Swedish Local Government Act, the Swedish Public Procurement Act, the Swedish Publicity and Secrecy Act, and the Swedish Public Records Act. Certain companies are also subject to other legislation, such as the Swedish Public Water Supply and Waste Water Systems Act, the Swedish Municipal Housing Companies Act and the Swedish Insurance Business Act. Further information regarding the Group and municipal companies is available from page 24 onwards.



# Stable development of a world-class Stockholm

As the parent company, Stockholms Stadshus AB is responsible for most of the City of Stockholm's limited liability companies, which form a corporate group. This responsibility includes the management and monitoring of the subsidiaries' operations based on the owner directives and orientational goals established by the City Council. Managing Director Irene Svenonius and Deputy Managing Director Per Blomstrand look back on the Group's work in 2013.

»» The results reported by most of the companies were ahead of budget.

**The companies** in the Stockholms Stadshus AB Group maintained a strong financial position. Prior to 2013, several of the companies announced that they were prepared for a deteriorating economic climate. However, the global financial situation during the year was better than expected and the sales carried out by the City's companies in recent years enabled the Group to focus on the development of Stockholm. The companies' investments, which primarily pertained to housing construction, remained at a high level and amounted to SEK 8.1 billion. The results reported by most of the companies were ahead of budget.

Housing construction was one of the City's most important priorities in 2013. More ambitious goals were introduced during the year which specified that an additional 40,000 new homes are to be built in the City of Stockholm by 2030, bringing the total of new homes to 140,000. Since 2006, the City's housing companies have contributed approximately 9,770 apartments, of which about 1,170

were built in 2013. The housing companies are working hard to introduce new housing projects and together are involved in projects encompassing approximately 7,800 additional apartments. All in all, the companies have excellent potential to achieve their ambitious goals for new housing production.

## **Additional student housing**

Stockholm is approaching a population of one million and, as a growing City, it requires additional housing, as well as apartments for students and young people. During the year, the companies worked hard to create student housing by compiling an inventory of potential supplementary construction projects, creating temporary housing in development properties and identifying premises in their existing portfolios that could be renovated. Work began and was completed on nearly 320 student apartments in 2013 and the companies are currently involved in projects encompassing some 3,000 additional student apartments. Stock-

holms Hamnar also contributed by working to establish a "student housing ship" with between 500 and 600 student apartments in Värtahamnen.

Through Stimulans för Stockholm (Stimulus for Stockholm), the City's companies play a central role in the programme to stabilise Stockholm's economic development and labour market. The City Council made a decision regarding the Stimulans för Stockholm programme in spring 2009 in conjunction with the financial crisis, and since then, extensive measures have been implemented by the six companies involved: the housing companies, Micasa, SISAB and Stockholm Parkering. These measures have included the acceleration and expansion of existing projects, such as the construction of housing, renovation of properties, energy-efficiency enhancements and investments in improved safety and security in the areas in question. Combined, the companies implemented stimulus measures amounting to approximately SEK 3 billion in 2013 and a total



of SEK 14.5 billion since the programme was introduced. Although the five-year stimulus programme was concluded in 2013, the initiatives pertaining to the acceleration of new production projects will continue in 2014.

#### **Dividend to promote new housing production**

The development and expansion of the City requires financing. In 2013, the City Council thus decided on an extra dividend from the municipal housing companies in accordance with Sections 4 and 5:1 of the Swedish Municipal Housing Companies Act. The extra dividend from the housing companies totalled SEK 3,350 million. In accordance with the City Council's decision and section 5:1 of the Swedish Municipal Housing Companies Act, SEK 1,900 million was reserved for projects promoting integration and housing production in the City. The extra dividend decided on by the City Council in 2012 on the basis of the annual accounts for 2011 was approved by the Administrative Court and Administrative Court of Appeal. This ruling has since been appealed and we are waiting for a decision by the Supreme Administrative Court with regard to a review permit. An appeal demanding an assessment of legality has also been lodged with the Administrative Court with respect to the extra dividend decided on by the

City Council in 2013 pertaining to the 2012 annual accounts. According to the County Administrative Board, which along with the National Board of Housing, Building and Planning is responsible for supervising the municipal housing companies' value transfers, the dividends decided on by the City are appropriate.

Work to adapt the housing companies' operations to the changes to the Swedish Municipal Housing Companies Act continued in 2013. The act stipulates that municipalities are to impose market-based yield requirements on their housing companies, which are to essentially act in the same manner as other long-term private property managers while at the same time serving a public function and assuming a social responsibility. As a result of this legislation, the municipal housing companies no longer hold a special position in the utility value system.

#### **From vision to reality**

The municipal housing companies are responsible for rejuvenating and developing the City's outer districts and ensuring that the entire City of Stockholm remains attractive. Vision Järva (the future vision for the Järva district) and Vision Söderort (the future vision for the southern region of Stockholm) are umbrella terms for the broad, long-term investments being made by the City



Irene Svenonius, Managing Director  
Per Blomstrand, Deputy Managing Director



of Stockholm and other players in the districts around Järfvafältet and the southern areas of the City. The housing companies continued their efforts to develop and rejuvenate the City's outer districts within the framework of these visions. For example, properties were refurbished at a high rate and renovations were carried out to give the properties a clear environmental profile. Among other changes, this means that the energy consumption of the refurbished properties has been reduced by 30%. Svenska Bostäder's refurbishments in Järfvafältet are part of the government's Hållbara städer (Sustainable Cities) project – a project whose targets in certain areas are even more ambitious. In the long term, positive developments in these areas will ensure value growth in the companies' property holdings.

#### Head offices in the City's outer districts

Another component of the City's focus on the outer districts is the

relocation of the head offices of various administrations and companies to the outer district areas. During the year, a number of companies in the Group, including Stockholmshem, Stockholm Vatten and Micasa Fastigheter, analysed the possibility of relocating to the outer districts.

In 2013, the Group Management conducted a survey in consultation with a number of players affected in the Million Programme areas. The results revealed a consensus that the development of housing areas must take place on two fronts. From a short-term perspective, investments need to be made in areas that impact the existing tenants and the local physical environment. In the long term, socio-economic conditions must be improved and the areas must become more attractive. Work to produce tangible proposals will take place in 2014.

#### Improved housing

Efforts to create a better balance between different forms of

housing continued. Residents in a number of the City's outer districts were given the opportunity to purchase the properties in which they live and convert them into tenant-owner housing. In 2013, about 1,250 apartments were sold to tenant-owner associations, generating capital gains of approximately SEK 1.1 billion. The number of conversions to tenant-owner housing has gradually declined in recent years.

During the year, a comprehensive review of the housing companies' portfolios was carried out with the aim of creating the right conditions for even better housing for Stockholmers. This review showed that a restructuring of the property portfolios would enable a better, more efficient allocation of maintenance requirements. In spring 2013, the City Council decided on a restructuring of the property companies, including plans to move approximately 10,000 apartments between the companies. Subsequently, Svenska Bostäder will primarily operate in the Western region of

Stockholm, while Stockholmshem and Familjebostäder will have a sector concentration in the Southern region of Stockholm. This decision is currently the subject of a fiscal investigation following an advance ruling by the Swedish Board of Advance Tax Rulings stating that any such restructuring would be subject to taxation of capital gains.

#### Expansion and environmental adaptation

To cope with the development of Stockholm, the City's ports need to be improved. The expansion of the Värta Pier in Värtahamnen, which has been under way since 2012, is part of the city development of Norra Djurgårdsstaden. The pier is being moved further out into the water to make room for housing and retail premises. The 85,000-square-metre expansion will include five berths and offer direct access to the Norra Länken motorway.

The expansion and modernisation of the port in Kapellskär was decided on and began in 2013. The project includes a completely new pier with two new berths to allow ships and cargo to be received in a safe, efficient and environmentally friendly manner.

#### Pre-school and treatment plant of the future

In Räcksta, SISAB completed construction on the first pre-school under the Pre-school of the Future concept. This concept focuses on short production times and lower costs, as well as energy-efficient and environmentally friendly construction. During the year, SISAB also completed Sweden's first Nordic Ecolabelled pre-school: Temmelburken 2 in Annedal.

Stockholm is growing at a rate of about 1.5% per year, corresponding to between 15,000 and





STOCKHOLM VATTEN'S WATER RESERVOIR IN TALLKROGEN 7:15 P.M.



STOCKHOLMSHEM'S PASSIVE BUILDING IN HÖKARÄNGEN 5:43 P.M.

20,000 people, making it one of the fastest growing cities in Europe. Sweden's commitments under the Baltic Sea Action Plan (BSAP) and the EU Water Framework Directive will result in more stringent treatment requirements. In light of the major investments required in treatment plants and the need to build housing, an assessment of the operations of the Bromma treatment plant was conducted.

Based on a number of priorities, this investigation indicated that the Bromma plant should be closed, the area be developed and the water from the area be rerouted to an upgraded plant in Henriksdal. This alternative will enable the City to continue growing while at the same time reducing its environmental impact. The investment is expected to amount to SEK 6 billion. The matter is expected to be approved by the City Council in 2014.

In December 2013, the Board

of Stockholm Vatten made an orientational decision regarding the construction of a water treatment plant near Bornsjön, a lake that serves as Stockholm's reserve water supply. The direct effect of the new plant would be that Bornsjön's ecological status would improve, allowing the lake to be used as a water supply, now and in the future, and ensuring a supply of drinking water.

In late 2013, the City of Stockholm Executive Office, Stockholms Stadshus AB, the Traffic Committee and Stockholm Vatten conducted an investigation into the possibility of co-ordinating and streamlining the City's waste management into a corporate form, combining it with Stockholm Vatten. A decision on the matter is expected to be made in spring 2014.

#### **Events, trade and industry**

The Stockholm region continues to expand and the City is

working on several city development projects in response to this growth. One such project is Söderstaden, a new district that connects the Globen and Slakthuset areas, as well as Gullmarsplan. Söderstaden is to serve as Stockholm's events and entertainment hub. Through a wide sports, culture and entertainment offering, the area will help make the Stockholm region a more attractive destination for world-class events. The area will feature venues, retail premises, workplaces and housing that connect Södermalm with the City's southern districts. One of the hubs in the area will be the Tele2 Arena, which opened its doors in the summer and welcomed 420,000 visitors in 2013. During the year, work also continued on the planning and development of the building rights that will partially finance the new arena. These building rights include the area that is currently home to

Söderstadion (northern building right) and the area located directly to the south of the new arena (southern building right). A letter of intent has been signed with IKEA/Ikano regarding a retail establishment in the area, which would also impact the area south of the arena.

Stockholms Stadsteater and Kulturhuset have merged into a single company following a decision by the City Council. This merger has provided Stockholm and its residents with a new cultural institution that offers a wider variety of cultural experiences through cross-genre collaboration.

#### **Streamlining and co-ordination projects**

As part of the City's efforts to streamline and co-ordinate its operations, a new citywide finance system will be introduced. The procurement process took place in 2013 and the system is expected to be implemented within the City's companies and administrations on a continuous basis until 2017. A citywide human resource management system is also being considered. In parallel with this work, the City Council decided in spring 2013 to introduce a shared case management system and shared work practices for the entire City. The procurement process for this system is under way and implementation within the City's operations will continue until 2016.

In close cooperation with the subsidiaries concerned, Stockholms Stadshus AB is carrying out a joint project focusing on the implementation of the new K3 accounting regulations, which will take effect in 2014. The new regulations stipulate that component depreciation is to be applied, which will result in greater differentiation of depreciation periods.

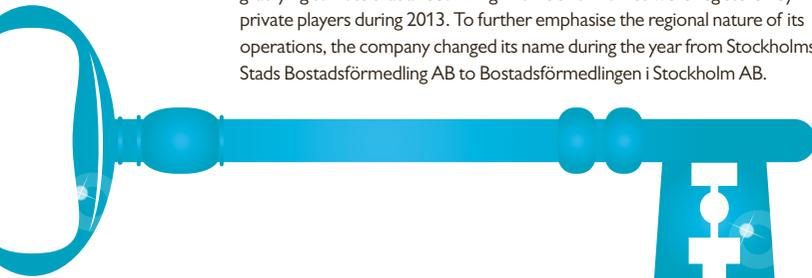
# PROJECTS DURING THE YEAR



The subsidiaries implemented a number of interesting projects in 2013. A selection of these projects is presented below.

## Bostadsförmedlingen grows and changes name

Like the labour market, the housing market is highly regional. This is why Bostadsförmedlingen works with both private and municipal players throughout the Stockholm region. 2013 was a successful year and Bostadsförmedlingen was able to establish relationships with additional property owners – both private and municipal – across the region. It was also gratifying to note that a record-high number of homes were registered by private players during 2013. To further emphasise the regional nature of its operations, the company changed its name during the year from Stads Bostadsförmedling AB to Bostadsförmedlingen i Stockholm AB.



## Järva home to the highest concentration of solar panels in Sweden

Between now and 2022, Svenska Bostäder plans to renovate its 5,200 apartments in Järva – an investment totalling approximately SEK 500 million per year. The renovations will be carried out in close consultation with the tenants. Along with other players from the City of Stockholm, Svenska Bostäder plans to install 10,000 square metres of solar panels, giving Järva the highest concentration of solar panels in Sweden in 2014. Each year, the solar panels will produce electricity corresponding to an impressive 1.3 million loads of laundry washed at 60 degrees Celsius. This solar panel initiative is part of the Sustainable Järva Project.

## Stockholm Vatten's wastewater treatment facilities take the best interest of Stockholmers and the Baltic Sea to heart



As Stockholm grows, significant improvements will need to be made with respect to the City's wastewater treatment capacity in terms of both volume and the ability to meet stricter future treatment requirements. In the autumn, an orientational decision was made to investigate the possibility of closing the Bromma treatment plant and rerouting the wastewater from the Western region of Stockholm through a tunnel to the Henriksdal treatment plant. This is a sustainable solution that will provide a wastewater treatment alternative that takes future requirements and challenges into consideration.



PHOTO: KRISTIAN POHL

## From Stockholm to Toulouse

Increased biogas production could help Stockholm meet its CO<sub>2</sub> targets, but more food waste will be needed. 49% of Familjebostäder's tenants have access to waste sorting facilities. To encourage more people to sort their waste, residents in Bandhagen competed in a Food Waste Challenge in 2013. The amount of food waste sorted nearly tripled. In only a few short weeks, enough food waste was recycled to generate the biogas needed to drive from Stockholm to Toulouse. The Food Waste Challenge will be held in several areas in 2014.



## Transforming Rinkebystråket

Familjebostäder has been a landlord to Rinkeby residents for more than 40 years. The company is now expanding its involvement in the district. In 2013, reconstruction work began on what is currently Rinkeby's approach road for bus and car traffic – known as Rinkebystråket (the Rinkeby Thoroughfare). The currently hilly road will be levelled and low pavilions will be built along the road to create some 40 retail, cultural and entertainment premises. Wide sidewalks will provide ample space for pedestrians, open-air restaurants, trees and garden areas. The new Rinkebystråket is expected to be completed in autumn 2015.



## Merger of Kulturhuset and Stadsteatern

In February 2013, Stockholm City Council decided to merge Stadsteatern and Kulturhuset to form a joint company. The merger was to take place as soon as possible and no later than 1 July 2013. All employees were involved in the intensive project work carried out in 2013.

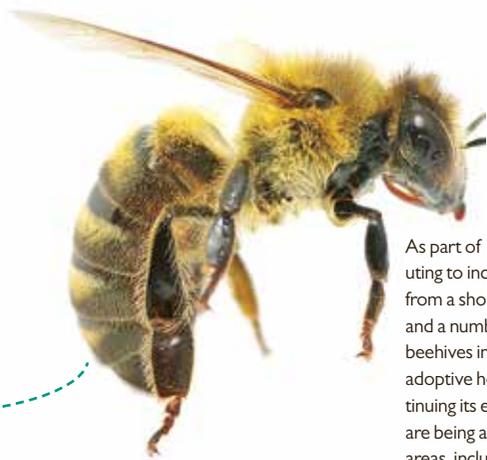
A project organisation with

representatives of Kulturhuset, the Culture Administration and Stockholms Stadsteater worked in 12 teams with focus areas ranging from records and agreements, library issues and property matters to finances and organisational issues. An extensive recruitment process began in April and eight artistic managers

were introduced in August. These managers will be responsible for the areas of theatre, dance, music, literature, art and design, as well as for the operations of Stadsteatern Skärholmen and Parkteatern. In early December, the new Allkonsthuset was introduced along with a new programme magazine and website.

## Sweden's first Nordic Ecolabelled pre-school

In the recently constructed district of Annedal, SISAB has built Sweden's first Nordic Ecolabelled pre-school – Temmelburken 2. One of the goals of the project was to demonstrate that SISAB's guidelines for pre-schools live up to the Nordic Ecolabel requirements for environmentally certified buildings. The lessons learned from the pre-school project will be applied to future projects and the goal will naturally be to continue building sustainable schools and pre-schools for Stockholm's youngest residents.



## Investing in bees to build a greener city

As part of its environmental work, Stockholmshem is contributing to increased biodiversity. Stockholm is currently suffering from a shortage of pollinating bees. Together with Bee Urban and a number of dedicated tenants, the company placed seven beehives in five different locations across the city, providing adoptive homes for 250,000 bees. The company is now continuing its efforts to contribute to a greener city – more bees are being adopted and beehives are being placed in various areas, including the new Norra Djurgårdsstaden district.

## Number one in customer care

During the year, Svenska Bostäder was awarded the Hederskristallen Award at Benchmark Event 2013, where private and municipal property companies compete in the areas of service and quality. Svenska Bostäder was one of the first companies to ask its tenants for feedback about their housing situation, during both construction and refurbishment, and was recognised in its nomination as a role model in the industry. The motivating statement for the award emphasised that Svenska Bostäder has, for many years, taken a goal-oriented and systematic approach to prioritising customer feedback and requests regarding housing and premises.







## Investments in Stockholm's sustainable growth

With a property portfolio of approximately 10.5 million square metres of rentable space with a market value of about SEK 130 billion, Stockholms Stadshus AB is one of Sweden's largest property owners. During the year, the City's companies took a proactive approach to property management and continued to streamline, rationalise, manage and develop its property portfolios to meet the needs of Stockholmers. In 2013, approximately SEK 8.1 billion was invested in various projects, the majority of which were related to the production of housing. Continued proactive property management resulted in an increase in value of 6% in an equivalent portfolio.

**Most of the city's properties** are managed by companies in the Stockholms Stadshus AB Group. These properties represent different operating areas, including housing, schools, care-provision properties, event venues, commercial facilities, port facilities and parking facilities. The properties comprise a significant portion of the City's combined assets and the companies are responsible for managing the properties in a rational and efficient manner that meets the City's long-term yield requirement.

### Housing

Stockholm is growing and approaching a population of one million. Up until 2022, the population of Stockholm will increase by 100,000. The growing City

will require more housing, and the City's target is for a total of 140,000 new homes to be built by 2030, by private and municipal players alike, 58,000 of which will be ready for occupancy by 2022. The annual target for the City's housing companies is to begin construction on 1,500 apartments each year. In 2013, the companies began work on approximately 1,170 apartments, which due to delayed, contested and cancelled development plans was below the target level. However, the City's housing companies are well equipped to increase the rate of production during the coming period.

During the year, the City Council made an orientation-  
al decision regarding Svenska



SISAB'S TEMMELBURKEN 2 PRE-SCHOOL IN ANNEDAL 6:22 P.M.

Bostäder's project in the Björnlandet block – a project encompassing approximately 150 apartments in Norra Djurgårdsstaden. Svenska Bostäder also acquired the property Vallgossen 14 (S:t Görans Upper Secondary School) from SISAB, where development has begun on about 250 student apartments.

Familjebostäder concluded the Pendlaren 1 project in Älvsjö in autumn 2013. The company also acquired the site leasehold for Gyllene Ratten in Fruängen to build new housing. Combined, these two projects will create an opportunity for 270 apartments. During the year, Familjebostäder and JM acquired an office prop-

erty in LM Ericsson's former factory area in Älvsjö. Familjebostäder's share in the property amounts to one-third. During the year, Familjebostäder worked on a new development plan for Årstastråket comprising approximately 400 homes distributed across three properties. The first stage of the development plan, which encompasses 160 apartments, is close to gaining legal effect.

During the year, Stockholmshem began construction on the Bjällerkransen project in Västerorp and the Golvläggaren project in Årstadal. Combined, these two projects include approximately 430 apartments. Work also began

on the Töfsingdalen project in Norra Djurgårdsstaden, which encompasses about 150 apartments and one pre-school.

The year 2013 was characterised by efforts to strengthen the housing companies' project portfolios in preparation for forthcoming new production projects, as well continued conversions to tenant-owner housing. During the year, approximately 1,250 tenants in 14 tenant-owner associations opted to purchase their apartments. These sales generated capital gains in the region of SEK 1.1 billion. In addition, the housing companies also conducted a number of project acquisitions.

The Group's properties

continue to undergo extensive improvements through various projects, including Stimulans för Stockholm, Järvalyftet (the Järva district improvement project) and Vision Söderort. The funds released through conversions to tenant-owner housing have made it financially feasible to improve the living environment for tenants in several respects, including improvements to properties and apartments, and safety measures in and around the properties. These improvements have also enabled a reduction in energy consumption. In 2013, Familjebostäder, Stockholmshem Svenska Bostäder, SISAB and Stockholm Parkering made



additional investments of more than SEK 3 billion kronor through Stimulans för Stockholm. Approximately SEK 850 million of this amount was invested in new apartment production and the remaining SEK 1.2 billion in improvements to the existing property portfolio, mainly in the Million Programme areas. Nearly SEK 650 million was invested in energy-saving measures and just over SEK 340 million in security enhancement measures.

Bostadsförmedlingen i Stockholm allocated about 10,100 apartments on behalf of municipal and private property owners during 2013. Over the course of the year, the number of people on the waiting list increased by approximately 32,000 to just over 431,000.

The housing companies continued their work on Järvälyftet and Vision Söderort, and improvements with a clear environmental profile were made in the Million Programme areas. Maintenance work, courtyard refurbishments, security installations, accessibility modifications and energy optimisations were carried out during the year. Other initiatives were also implemented to improve the attractiveness of the areas, such as offering summer jobs, homework assistance programmes, fire information officers and stricter investigations into illegal subletting. Outer district initiatives were also conducted in the Western region of Stockholm in the form of dialogues with residents in Hässelby Gård and Grimsta.

**Premises**

The City's growing population is imposing major demands on accessibility, public services, new homes and workplaces. Through its work on Söderstaden, the City aims to create a more densely populated, functional city envi-

ronment that links the Globen area, the Slakthuset area, Southern Skanstull and Gullmarsplan-Nynäsvägen. Söderstaden is to serve as Stockholm's events and entertainment hub, offering a wide range of sports, culture and entertainment events, as well as retail, office and service establishments and homes. The Tele2 Arena opened its doors on 24 August and welcomed some 420,000 visitors during the course of the year. The response from the media and visitors has been positive and the building has been nominated for several awards. Work to complete the arena continued during the autumn and final takeover from the contractor is expected to take place in spring 2014 following a final inspection.

The entertainment destination Tolv Stockholm, located under the Tele2 Arena, opened during autumn 2013. Tolv Stockholm has garnered considerable attention and received more visitors than anticipated. Arenagaraget (the arena parking garage) also opened during the autumn and has received a positive response.

In accordance with Vision Söderstaden, S:t Erik Markutveckling has purchased the Palmfelt Center property in the Slakthuset area. An additional site leasehold was also acquired in the area. This property acquisition has provided the City with

a further right of disposition in the area during the ongoing city development.

Together with nearby municipalities, the City decided on Vision Bällsta in 2007, which stated that the areas surrounding Bällsta Bay were to be converted for various purposes, including family-friendly housing areas. In accordance with this vision, S:t Erik Markutveckling has gradually been developing the former Carlsberg/Pripps brewery from an industrial property into an attractive retail area with the scope for additional commercial properties and housing. The Tvärbanan light rail line was linked to the retail area in October 2013 through Norra Ulvsunda station.

Familjebostäder is creating a new retail centre in Rinkeby known as Rinkebystråket, which will focus on food culture. The plan is to create a thriving meeting place with outdoor seating, restaurants, cafés and delicatessens, as well as stores, everyday amenities and services. One of the company's properties is also being prepared for when the Culture Committee moves into the area.

**Schools**

In the coming years, the population of Stockholm is expected to continue growing. This will require a major expansion of the city's educational facilities,



**Solar power:** Micasa's property Kattrumpstullen was equipped with solar panels during the year.

particularly compulsory schools and pre-schools. During the year, SISAB participated in the school planning for a growing Stockholm, preparing area plans to meet these requirements. The City Council decided on the conversion, construction and expansion of Fridhem School/Kungsholmen Compulsory School in order to meet the growing demand in the area. During the year, SISAB developed a concept for building standardised pre-schools that involves using an innovative approach and standardisation to reduce costs, shorten production time and guarantee an energy-efficient and environmentally friendly building. Two different systems for environmental building classification were also tested during the year. These systems set high requirements in terms

MEASURES CARRIED OUT IN 2013 WITHIN THE FRAMEWORK OF STIMULANS FÖR STOCKHOLM

Measures	Outcome in 2013, SEK million	%
New production	850	28%
Security measures	341	11%
Energy-efficiency enhancements	650	21%
Improvements/measures to raise standards	1,157	38%
Other	69	2%
<b>Total</b>	<b>3,067</b>	<b>100%</b>



of energy, indoor environment, materials, chemicals and building processes. In addition to building Sweden's first Nordic Ecolabelled pre-school – Temmelburken 2 in Annedal – SISAB also tested the Sweden Green Building Council's certification system, which the company will continue to use in the future.

### Housing for the elderly

A new inventory of the city's overall supply of care places and future needs was performed by the Senior Citizens Committee, the City of Stockholm Executive Office and Micasa Fastigheter. The results of the inventory showed that the overall need for new care places is not expected to increase until 2033. This marked a change from previous assessments, which indicated that an increase in demand could be expected starting in 2020. During years when the demand for accommodation for the elderly is lower, Micasa Fastigheter rents its residences out to students.

The company has begun a review of the standard and functionality of the properties currently used for sheltered housing. In many cases, the best solution may be to replace rundown properties with new buildings. Micasa Fastigheter cooperates closely with the district councils in relation to land allocations,

constructing new buildings in development areas and replacing rundown premises where necessary.

### Ports

Globalisation is creating new opportunities and challenges for the Stockholm region. New markets are opening and trade is expanding at the same time as the competition for business establishments, investments and visitors from other regions of the world is increasing. To respond to this international competition, major initiatives will be required in various areas of Stockholm. As part of the city's work in the Norra Djurgårdsstaden district, which extends from Husarviken in the north to Loudden in the south, Stockholms Hamnar has been involved in the reconstruction of Värtahamnen. The new port will include five berths and a total of 1,200 metres of quay space. The port area will be the same size as the area currently operated by the company in Värtahamnen. The port will offer direct access to the Norra Länken motorway, the Spårväg City tram line and a retail centre located in the Valparaiso block.

The expansion of the port in Nynäshamn with a new port named Stockholm–Norvik is still under way. Lengthy permit processes have caused further delays

to the project, causing the start of construction to be pushed back to 2014 at the earliest. Planning is under way for the modernisation of the port in Kapellskär, including the construction of a new pier with two new ferry berths. The goal is to respond to the market's need for a safer, more efficient and more environmentally friendly port with an improved work environment. Final permission was granted by the City Council in September 2013 and dredging work began in October.

During the year, Stockholms Hamnar completed the reconstruction of Strömkajen, which also included the construction of three sales and service pavilions for boat passengers and a café run by the Grand Hôtel.

### Parking

The parking plan is one of the action plans identified in the accessibility strategy, which in turn is based on Vision 2030 and Promenadstaden (The Walkable City – Stockholm City Plan). The plan, which was adopted by the City Council in June 2013, recommends that tangible changes be made with respect to parking in order to improve accessibility and reachability in Stockholm.

In accordance with the plan, Stockholm Parkering worked to increase the utilisation level of its garages and parking spaces. As

a result, the company achieved a high utilisation level in 2013. During the year, Stockholm Parkering and SISAB signed an agreement stipulating that all compulsory and upper secondary schools are to be subject to parking regulations. As a result of these new regulations, 400 new parking spaces have been made available for the general public in central Stockholm.

To contribute to the reduction of road traffic in the city centre, Stockholm Parkering created two new park-and-ride facilities: one in Åregaraget (Åre parking garage) in Vällingby City and one at the Globen metro station.

### Infrastructure

In its wastewater treatment planning, Stockholm Vatten takes the needs of the City up until the year 2040 into consideration. In 2013, the City Council made a decision regarding the future treatment of wastewater from the Western region of Stockholm. Under the new project, the Bromma treatment plant will be closed to enable housing to be built in the area. Wastewater from Bromma will instead be rerouted to the Henriksdal treatment plant, which will be adapted to accommodate the increased flow and rebuilt to manage a higher treatment capacity using what is known as biomembrane technology. The investment expenditure is estimated at SEK 6 billion and the project is considered a prerequisite for the continued sustainable expansion of Stockholm.

A positive trend was reported in Stokab's market and demand for the company's fibre optic connections remained high as a result of the need among households and companies for new and more bandwidth-intensive services.

## PROPERTY PORTFOLIO IN 2013

Use	Area (m <sup>2</sup> )	Apts/prem (No.)	Carrying amount (SEK million)	Fair value* (SEK million)	Rental income (SEK million)
Housing	4,949,873	78,491	41,848	94,244	5,611
Premises	4,811,668	8,132	5,514	25,096	3,069
Retail	283,120	1,734	1,400	2,066	294
Other	438,952	6,109	4,375	8,494	560
<b>Total</b>	<b>10,483,613</b>	<b>94,466</b>	<b>53,137</b>	<b>129,900</b>	<b>9,535</b>

\* Normal real estate value, excluding land, Stockholm Vatten



## GROSS INVESTMENTS IN 2013

SEK million	Financial assets	Intangible assets	Construction in progress	Machinery and equipment	Buildings	Land	Total annual accounts
<b>Parent company</b>							
Stockholms Stadshus AB	28						28
<b>Subsidiaries</b>							
AB Svenska Bostäder	19		1,868	1			1,887
AB Familjebostäder			1,016	8	27	112	1,163
AB Stockholmshem			1,245	2	145	21	1,413
Bostadsförmedlingen i Stockholm AB				1			1
Skolfastigheter i Stockholm AB (SISAB)			756	2	11		770
Micasa Fastigheter i Stockholm AB			390	2			392
S:t Erik Markutveckling AB					84		84
Stockholm Globe Arena Fastigheter AB			896				896
Stockholm Vatten AB			645				645
Stockholms Hamn AB			433	4		2	438
AB Stokab			172				172
Stockholm Stads Parkerings AB		2	41				43
Stockholms Stadsteater AB		1		16			17
Stockholm Business Region AB							0
S:t Erik Försäkrings AB							0
S:t Erik Livförsäkring AB	190	3					193
Group adjustments, net					-22	-8	-30
<b>Group</b>	<b>237</b>	<b>6</b>	<b>7,462</b>	<b>36</b>	<b>245</b>	<b>127</b>	<b>8,112</b>

### Commentary on gross investments

**The investment level** in the Group remained high. The total investment volume amounted to SEK 8.1 billion, slightly more than SEK 1.4 billion below the budgeted level. This deviation was mainly attributable to postponements in the housing companies' new construction projects and in Stockholms Hamnar's Stockholm-Norvik project. These delays were mainly caused by appeals during the planning and permit processes.

In 2013, the housing companies began work on approximately 1,170 apartments. This figure was slightly below the target level for the year due to delayed or contested development plans. Stockholmshem commenced new production on the Bjällerkransen project in Västertorp and the Töfingdalen project in Östermalm.

Svenska Bostäder began con-

verting the former S:t Göran Upper Secondary School on Kungsholmen to student apartments. Familjebostäder commenced work on the Gyllene Ratten block in Fruängen.

In order to produce additional apartments, the housing companies conducted a number of acquisitions during the year. Familjebostäder acquired the properties Sandaletten 1 in Älvsjö and Kransbindarvägen in Midsommarkransen. Stockholmshem acquired site leaseholds in Årsta and Skärholmen.

For the fifth consecutive year, Stimulans för Stockholm accounted for a significant share of the Group's investments. Investments for the year amounted to approximately SEK 2.3 billion, corresponding to about 30% of the companies' total investment volume. Among other initiatives, the

projects pertained to new production projects (SEK 0.9 billion), improvements to the property portfolio and energy optimisation projects.

During the year, SISAB completed Lugnet School in Hammarby sjöstad and continued the construction of a new school in Mariehäll for 720 students. An extensive renovation of Engelbrekt School was completed and a sports hall was added. Stockholm Vatten's investments totalled SEK 570 million, nearly 50% of which pertained to investments in development areas. Other major projects related to investments in pipe networks and wastewater treatment plants.

During the year, Micasa Fastigheter completed reconstruction and improvements on a number of homes in Dalen, the Rio housing for the elderly in Gärdet and the Tunet sheltered

housing in Vällingby. The City's supply of care places and long-term requirements were reviewed during the year and this work will serve as the basis for Micasa Fastigheter's future planning. Certain projects were postponed pending the results of the review.

SGA Fastigheter was responsible for the largest project during the year, namely the construction of the Tele2 Arena, which opened its doors during the summer. Other major projects completed in conjunction with the construction of the arena included the entertainment destination Tolv Stockholm and Arenagaraget.

During the year, Stockholms Hamnar continued the reconstruction of Värtahamnen, which is part of the city development of Djurgårdsstaden. The modernisation of the port in Kapellskär also commenced during the year.



# The city's companies are well equipped for sustainable growth

The management of the City is based on Vision 2030, the City's long-term vision for the development of Stockholm. The control system for the City, known as ILS, is an integrated system for managing and following up operations and financing. In the City's budget, the City Council establishes orientational goals, objectives for the operational areas, indicators and activities. The indicators measure goal attainment: an annual goal is set for each indicator and the activities should contribute to meeting these goals.

**Three orientation goals** – meaning the effects that the City wants to achieve – have been decided for the mandate period:

- Stockholm is an attractive, safe, accessible and expanding city for residents, businesses and visitors.
- Quality and freedom of choice are developed and improved.
- The City's operations are cost effective.

Using the ILS control system, the City's operations reported their progress with respect to these orientational goals. According to these reports, all of the companies fulfilled the City's orientational goals. The reports are available in full in the web-based ILS tool, which can be accessed via the Stockholms Stadshus AB website ([www.stadshusab.se](http://www.stadshusab.se)).

**Oriental goal: Stockholm is an attractive, safe, accessible and growing city**

The economic climate in Stockholm remained strong. The number of people in employment increased by 22,500 during the third quarter, up 5% compared with the corresponding period in 2012. The population of the City of Stockholm increased by 17,500. During the year, 355 young people were given summer jobs with

the Group's companies and 39 received work experience placements through Jobbtorg Stockholm.

The three housing companies began work on about 1,170 apartments. Due to delays in the planning processes and appeals regarding several projects, the companies did not achieve their annual goal of 1,500 apartments. Together, the companies have begun work on around 9,500 apartments since 2006. During the year, the companies completed 590 apartments, with a net contribution of 310 student homes. Micasa Fastigheter contributed approximately 70 apartments, which were renovated to be used as student housing pending a decision regarding their future use.

Through Stimulans för Stockholm, the companies were able to go forward earlier than planned with property improvements and housing construction totalling about SEK 3.1 billion in 2013. Approximately 41,000 homes/care places, 440 toilets and three school shower rooms were repaired or renovated during the year. In total, approximately SEK 14.5 billion has been invested in Stimulans för Stockholm since 2009, of which slightly more than

SEK 4 billion pertained to new production. The new production projects brought forward through Stimulans för Stockholm comprise just over 2,600 apartments.

The City of Stockholm has ambitious goals when it comes to growth and sustainable development. The housing companies have thus implemented energy-efficiency enhancements in conjunction with refurbishment projects. In 2013, the proportion of the property portfolio encompassed by energy-efficiency enhancements exceeded the target of 3%. The average energy consumption of the Group's properties was less than the City Council's goal of 170 kWh per square metre. Prime examples include measures taken by SISAB, which resulted in a reduction of about 8% in energy consumption in 2013. Heating and ventilation systems were optimised in 120 properties during the year. SISAB also completed two pre-schools with excellent potential to be managed in an energy-efficient manner.

In 2013, Stockholm Parkering helped improve the accessibility of the City's road network, thanks to the record-high 86% utilisation level of its garages and parking spaces. ▶





STOCKHOLMS HAMNAR'S TERRACED STAIRCASE OVERLOOKING STRÖMKAJEN 6:59 P.M.



STOCKHOLM PARKERING AT WORK ON A PARK-AND-RIDE FACILITY IN RÅCKSTA 4:12 P.M.

Stockholm remained attractive to visitors. The number of overnight stays in 2013 amounted to approximately 6.4 million, corresponding to an increase of 1% for the City. In 2013, 12 million passengers and 278 cruise ships arrived at the City through the ports operated by Stockholms Hamnar.

Stadsteatern contributed to an attractive cultural life in the form of 1,850 performances, with ticket sales averaging 82% of the maximum capacity. The number of performances attended by children and young people exceeded the target and totalled approximately 150,000. Parkteatern held 186 performances, which is more than in any prior year.

Stockholm Vatten surpassed its target for biogas production at its treatment plants.

**Orientalional goal: Quality and freedom of choice are developed and improved**

Ensuring diversity and creating a balance between different forms

of housing has been a priority for the housing companies during the mandate period. One of the City Council's directives focuses on ensuring that the City's housing companies gives tenants in a number of districts the opportunity to acquire properties for conversion into tenant-owner housing. The conversions carried out over the past five years have resulted in a more varied mix of housing forms, and 1,253 apartments were sold to tenants in 2013.

Bostadsförmedlingen i Stockholm contributed to greater mobility in the housing market through increased regionalisation and cooperation with private property owners. During the year, the company gained 10,110 apartments for allocation, of which a record-high number of approximately 4,140 were owned by private property owners. Of these apartments, about 900 were allocated as student apartments, about 750 as apartments for young people and 75 as sheltered housing. The goal for allocating

apartments for young people was surpassed and the results reached a record level.

Micasa Fastigheter continued its work to improve the quality of the City's nursing and care homes. Initiatives carried out within the framework of Äldrelyftet (a project to improve housing for the elderly) have made it possible to speed up development. The largest projects during the year included the renovation of the Skolörten service home and Skärholmen's sheltered housing, as well as roof and facade renovations.

In 2013, Stokab helped provide several of the City's residents and businesses with access to better data communications. The expansion of the fibre optic network continued and demand for new fibre optic connections remained high. A total of 1,785 connections were supplied, exceeding the target of 1,600.

In recent years, the housing companies have achieved higher results in tenant surveys with

respect to security, product and service indexes. The three companies now have a service and security index of about 80%. SISAB and Micasa Fastigheter have also achieved higher service indexes, as well as product and service indexes.

During 2013, Stockholm Vatten successfully fixed more than 99% of drain blockages within four to eight hours and received a high customer satisfaction index of 82%.

The results of the employee surveys conducted by most of the companies resulted in an index of between 74% and 95%, which means that, on the whole, the City achieved its goal of being an attractive employer.

**Orientalional goal: The City's operations are cost effective**

Most of the companies achieved or surpassed their budgeted revenue requirements, with the exception of Stadsteatern, which underwent a major change of conditions and a significant expansion of the business as a result of its merger with Kulturhuset.

Due to delays caused by appeals in the planning process, the companies were unable to carry out the volume of investments set out in the budget. The total investment volume for the year amounted to SEK 8.1 billion, compared with the budgeted goal of SEK 9.5 billion.

All of the companies are working to reduce their administrative expenses and most of the companies surpassed their goals with respect to the reduction of their share of administrative expenses.

The majority of the companies reported a continued decline in sick leave, and the rate of sick leave at nearly all of the companies was lower than the City Council's target of 4.4%.



# Focus on equality and diversity

When it comes to diversity, the companies in the Stockholms Stadshus AB Group lead by example by taking a systematic approach and increasingly integrating equality and diversity issues into their daily operations. Employees undergo continuous skills development in order to prepare for future generational shifts and to continue contributing to a world-class Stockholm. The level of sick leave remains low and is gradually declining.

## Number of employees on the rise as operations are taken over

As of 31 December 2013, the number of full-year employees in the City's companies totalled 2,545, which is an increase compared with the same date in 2012, when the number of employees in the companies was 2,397. This increase was attributable to the merger of Stadsteatern and Kulturhuset on 1 July 2013.

The average number of full-year employees\* during the year, according to contracted time, was 2,392 (2,307). Measured in terms of actual hours worked, the average number of full-year employees was 2,128 (2,061). In addition to these hours, additional work was performed on an hourly basis corresponding to the work of just over 83 full-year employees.

The gender distribution at the Group level is relatively even: approximately 42% of employees are women. Compared with the City's administrations, more employees in the corporate sector are between the ages of 30 and 49. The proportion of employees in the City's companies under the age of 30 was 5%, which is comparable with the City's specialist committees.

## Sick leave is low and continues to decline

The rate of sick leave in 2013 was 3.3%, which is somewhat lower than in the preceding year (3.4%). Long-term sick leave (60 days or more) accounted for 35% of the total sick leave, which is essentially in line with the preceding year. Men aged 50 or older showed a greater tendency to be sick than other men, unlike women whose sick leave tended

to be more evenly distributed across the various age groups.

Several companies are implementing preventive measures in order to protect the health of their employees and further reduce the level of sick leave. These measures include health check-ups, ergonomics inspections, preventive health care contributions and various group activities. Supporting group activities and encouraging exercise not only results in better overall health among the Group's employees, but also creates a stronger team spirit. Some companies have provided CPR training for their employees and installed defibrillators.

## Co-ordinated reporting and competence-based recruitment

The companies take a proactive approach to equality and diversity. Employers with more than 25 employees are required by law to prepare equality and diversity plans every three years. In order to co-ordinate, streamline and facilitate follow-up, the Human Resources Strategy Department at the City of Stockholm Executive Of-

fice established a separate module for plans in ILS – the City's integrated management system. The companies also carry out equal treatment programmes and salary reviews to ensure that no unwarranted salary differences exist between men and women, as well as integrating equality and diversity issues into their training programmes and daily operations. More men in the Group are opting to take parental leave than ever before.

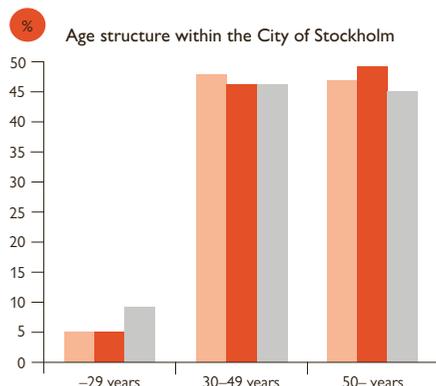
Many of the companies use competence-based recruitment to ensure that the recruitment process is carried out properly, with a focus on qualifications and conduct rather than on personal attributes.

Recruitment is becoming an increasingly important issue for many of the companies as they face ongoing and future generational shifts expected to take place over the next five years. Accordingly, initiatives are under way to assess the companies' future skills and recruitment requirements. The companies are also preparing actively for future retirements by hiring trainees and implementing apprentice pro-

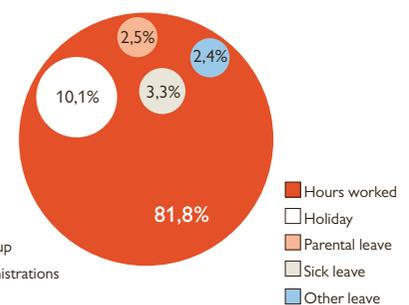
## \* Full-year employees and number of employee

Personnel statistics include many different terms and parameters. Within the Group, the indicator "number of employees" is used. However, this indicator can be measured in several different ways, as either the "number" or the "number of full-year employees". The term "full-year employees" combines the worked hours of permanent and temporary employees. For example, two temporary employees (part-time employees) who work 50% become one full-year employee. The worked hours (or "level of employment") can then be based on the "contracted time" or "actual hours worked". In addition, the term "average number of full-year employees" expresses the average during the year. The different parameters for full-year employees ("contracted time" and "actual hours worked") complement each other as they capture two different aspects: the contracted time includes, for example, people on sick leave and parental leave, and refers to the full-year employees for which the companies have employer responsibility. The "actual hours worked", however, indicate how many full-year employees are working.

grammes. During the year, 355 young people were given summer jobs with the Group's companies and 39 received work experience placements through Jobbtorg Stockholm.



**Distribution of working hours within the Group**





**The Tele2 Arena** is equipped with a retractable roof and meets the UEFA and FIFA requirements for hosting international football games and tournaments, which also take into consideration the arena's seating capacity, size, safety, lighting, sound equipment, amenities and surroundings. Using an outdoor passageway, visitors are able to walk the entire circumference of the arena from Arenatorget square.

**Home arena:** Djurgården Football and Hammarby Football.

**Seating capacity:** 30,000 seats, 15,000 seats per level. Spectator capacity of 45,000 for concerts.

**Location:** Globen area, near Gullmarsplan. About two kilometres from Slussen.

**Construction began:** Autumn 2010.

**First event:** Summer 2013.

**Design:** Transparent facade. Two levels. Symmetrical bottom level. Asymmetrical top level.

**Roof height:** About 35 metres.

**Financing:** The cost for the Tele2 Arena, including production costs, land and the net cost for the arena garage, amounted to approximately SEK 2.7 billion. This cost corresponds to the anticipated income from sales of building rights and rental income from the operator of the arena.

**Owner:** The Tele2 Arena is owned by the City of Stockholm through the subsidiary SGA Fastigheter AB.



PHOTO: LENA SKOGSBERG



# The Tele2 Arena – one of the most modern arenas in Europe

The subsidiary SGA Fastigheter was responsible for the development of the Tele2 Arena – a sports and event arena in Stockholm’s Globen area. Construction of the arena began in 2010 and the arena opened its doors in summer 2013 with a football match between Hammarby IF and Örgryte IS.

The Tele2 Arena has replaced the area’s old arena, Söderstadion, which was built in 1928 and modernised in 1967. The Tele2 Arena was built in response to increasing demand for events and enter-

tainment. The arena holds 30,000 spectators and has a retractable roof, allowing it to be used year round. The completion of the Tele2 Arena is a critical part of the City’s work on Vision 2030,

which includes a sub-target focused on transforming Stockholm into a world-class event city. As part of Vision Söderstaden, the City aims to develop the Globen area into a centre for events and

entertainment, housing, offices, stores and restaurants. The Tele2 Arena is a key component of this work.



# Corporate governance – Stockholms Stadshus AB Group

Since 1991, Stockholms Stadshus AB has been the parent company of a group comprising 16 active subsidiaries and one associated company. In turn, more than half of the companies have subsidiaries of their own – sub-groups. Stockholms Stadshus AB is owned by Stockholm Municipality (the City of Stockholm) and serves as a unifying function for most of the City's limited liability companies.

**The elected** members of the City Council make decisions that affect everyone living in the City of Stockholm. The members are appointed every four years in conjunction with the election of the Municipal Council. One representative on the City Council equals one seat. A total of 51 seats are required to obtain a majority in the City Council. The City Council convenes approxi-

mately every third Monday and the meetings are open to the general public.

The City Council sets goals and guidelines for the City of Stockholm's operations. The City Council also establishes the companies' Articles of Association and thereby the municipal purpose of the companies' operations. The Articles of Association may not be amended without the

consent of the City Council. The City Council addresses decisions made with regard to particularly important matters or matters of principle, such as the sale or formation of companies. The City Council elects all members of the municipal companies' boards, unless legislation specifies otherwise or the company is not wholly owned by the City. The boards and executive management of the companies bear operational responsibility for carrying out decisions made by the City Council.

The General Meeting of Shareholders is the highest decision-making body in the company and the forum in which shareholders exercise their right to decide on major issues affecting the company. The City Executive Board which, in accordance with section 6:1 of the Local Government Act, has a supervisory duty over the companies, appoints a representative to the Annual General Meeting and any Extraordinary General Meetings of the parent company, Stockholms Stadshus AB. The Group Board, the Board of Stockholms Stadshus AB, appoints a representative to the Annual General Meeting and any Extraordinary General Meetings held by the subsidiaries each year.

Owner directives for the com-

panies are established by the City Council in conjunction with the approval of the City of Stockholm's budget. Follow-up of directives takes place on an ongoing basis during the year and in the City of Stockholm Annual Report. The City Council's owner directives to Stockholms Stadshus AB include overseeing the overall development, strategic planning and ongoing supervision of the Group. Stockholms Stadshus AB is also responsible for exercising financial control over and following up the companies' operations, as well as developing more efficient forms of governance and interaction between the owner, Group Management and subsidiaries. The Group's companies are audited by authorised public accountants and lay auditors who are appointed by the City Council. The Group's companies are listed in Note 14 and the key ratios for the Group are presented on page 28.

## Parent company personnel

The parent company has eight people who are responsible for Group-wide issues, ensuring that the owner directives are executed, and co-ordinating and following up Group operations. In addition to monitoring whether the companies achieve set objectives and implement the City Council's owner directives, the parent company co-ordinates reporting and provides support to individual subsidiaries, for example, in investing and financing decisions, taxation issues, and financial and administrative issues.



Front, from left: Managing Director Irene Svenonius (also CEO, City of Stockholm), Group Controller Susanna Höglund, Financial Director Inger Johansson Kjaerboe.

Back, from left: Administrative Director Sara Feinberg, Deputy Managing Director Per Blomstrand, Administrative Secretary Jennie Landegren, Group Controller Andreas Jaeger, Company Lawyer Christian Nyström Schraml (also City Lawyer, City of Stockholm Legal Department).





## EARNINGS PER COMPANY

Profit/loss after financial items (SEK million)	2013	2012	2011	2010	2009
<b>Parent company</b>					
STOCKHOLMS STADSHUS AB	3,647	1,576	438	402	447
Capital gains	–	–	25	–	–
of which dividend from subsidiaries	3,372	1,310	123	31	37
<b>Subsidiaries</b>					
<b>AB SVENSKA BOSTÄDER (G)</b>	383	305	318	217	125
Stimulans för Stockholm	-500	-465	-445	-360	-250
Capital gains	522	1,376	480	3,891	4,231
<b>AB FAMILJEBOSTÄDER (G)</b>	238	233	195	101	144
Stimulans för Stockholm	-133	-184	-198	-174	-189
Capital gains	563	1,171	534	2,138	2,082
<b>AB STOCKHOLMSHEM (G)</b>	251	332	216	124	204
Stimulans för Stockholm	-143	-241	-199	-194	-257
Capital gains	57	388	203	1,657	2,171
<b>BOSTADSFÖRMEDLINGEN I STOCKHOLM AB</b>	8	9	9	12	23
<b>SKOLFASTIGHETER I STOCKHOLM AB (SISAB)</b>	-2	-18	-10	-18	-7
Stimulans för Stockholm	-20	-82	-140	-80	-40
Capital gains	–	–	–	11	–
<b>MICASA FASTIGHETER I STOCKHOLM AB</b>	34	-74	-67	-74	-34
Stimulans för Stockholm	-55	-61	-70	-200	-85
Capital gains	–	–	–	–	–
<b>S:T ERIK MARKUTVECKLING AB (G)</b>	30	25	10	8	8
<b>STOCKHOLM GLOBE ARENA FASTIGHETER AB (G)</b>	-156	-79	-84	-64	-74
<b>STOCKHOLM VATTEN AB (G)</b>	-65	42	-41	-20	64
Capital gains	–	–	–	45	–
<b>STOCKHOLMS HAMN AB (G)</b>	106	109	107	71	36
<b>AB STOKAB (G)</b>	175	174	171	168	149
<b>STOCKHOLMS STADS PARKERINGS AB</b>	67	58	28	31	33
Capital gains	-20	-20	-20	-19	-14
<b>STOCKHOLMS STADSTEATER AB</b>	-286	-222	-219	-215	-210
<b>STOCKHOLM BUSINESS REGION AB (G)</b>	2	1	0	1	1
<b>S:T ERIK FÖRSÄKRINGS AB</b>	0	38	33	21	21
<b>S:T ERIK LIVFÖRSÄKRING AB</b>	90	62	-166	54	286
<b>STOCKHOLMS STADS UTREDNINGS- OCH STATISTIKKONTOR*</b>	–	–	–	6	3
<b>Associated companies</b>					
<b>MÄSSFASTIGHETER I STOCKHOLM AB**</b>	-13	–	–	–	–
Group adjustments, net	-3,440	-1,446	-185	-324	-224
Group	1,341	3,006	923	7,217	8,644
of which capital gains, net	1,103	2,827	1,185	7,492	8,329
of which Stimulans för Stockholm	-816	-1,053	-1,072	-1,026	-835
Profit/loss excl. capital gains	238	179	-263	-275	315

Note: Subsidiaries marked (G) have their own sub-groups

Capital gains of more than SEK 10 million are recognised separately for each company

\* Company was sold on 1 June 2011

\*\* 50.4% share owned by the City of Stockholm, acquired in 2013



## Commentary on profit/loss per company

The Stockholm Stadshus AB Group maintained a positive profit trend. One of the reasons for the strong profit reported in recent years is the capital gains arising from the companies' sales of non-current assets. The Group's total capital gains over the past seven years amounted to slightly more than SEK 35 billion.

After net financial items, the Group's profit for 2013 was just over SEK 1.3 billion, including capital gains of approximately SEK 1.1 billion. The gains for the year were attributable to the housing companies' sales of properties to tenant-owner associations. Excluding capital gains, the Group's profit after net financial items for 2013 amounted to SEK 238 million. This represents an increase of nearly SEK 59 million compared with the preceding year.

The Group's strong economic position has enabled the housing companies and Stockholm Parkering to implement an extensive action programme known as Stimulans för Stockholm over the past five years. The aim of the programme has been to increase new production and accelerate the implementation of urgent maintenance measures, with a particular focus on the Million Programme areas, schools, pre-schools and housing for the elderly. For the companies involved, the stimulus measures carried out in 2013 amounted to nearly SEK 3,100 million. Any measures that are expensed are recognised separately in the profit/loss summary for the companies affected and totalled SEK 816 million for 2013. The remaining stimulus funds are recognised as new production and improvement projects under the companies' investments. For a breakdown of these initiatives, refer to the table on page 15. Micasa Fastigheter also carried out additional maintenance measures totalling SEK 55 million through Äldrelyftet.

**The housing companies** performed reconstruction and maintenance work on a large portion of the property portfolio during the year and Stimulans för Stockholm enabled these initiatives to be carried out ahead of schedule. Several thousand apartments were encompassed by the measures carried out during the year, including improvements to apartments, energy-saving and security enhancement measures, and courtyard refurbishments. Most of these initiatives involved properties in the Million Programme areas. All of the housing companies reported lower capital gains than in the preceding year, but stronger underlying earnings.

Within the framework of Stimulans för Stockholm, SISAB renovated nearly 450 toilets and a large number of shower rooms. The company's profit was nearly SEK 80 million higher than in the preceding year, due to the phase-out of the initiatives within Stimulans för Stockholm.

**Micasa Fastigheter** restricted its budgeted deficit. This was partly the result of a decision by the Swedish Tax Agency to redefine some of the company's properties as special properties, which meant that the company received a repayment and its property tax was reduced by SEK 87 million for the years 2004 to 2006. The company also reduced its costs by delaying certain maintenance projects and its financial expenses declined compared with the preceding year, mainly due to a lower borrowing requirement and interest rate.

**Stockholm Parkering** reported increased profit for the second consecutive year, primarily as a result of lower costs for parking monitoring and IT, as well as a higher turnover of rental parking spaces and visitor parking.

**S:t Erik Livförsäkring** reported profit of SEK 90 million. This increase in

profit was attributable to inflation expectations and higher nominal interest rates during the year, which caused the company's pension commitments up to year-end to decrease more than the company's financial assets. The company's financial reporting is governed by the Act on Annual Reports for Insurance Enterprises, the regulations of the Swedish Financial Supervisory Authority and legally restricted IFRS. This results in major fluctuations in project between years since the company's assets/liabilities are recognised at market value.

**As in the preceding year**, Stockholms Hamnar continued to report strong profit due to increased rental income and port fees. Interest expenses were lower than expected as a result of a decrease in the company's borrowing level. Borrowing was restricted due to the postponement of investment objects.

**Stockholm Vatten** reported a loss of SEK 65 million. This deficit was the result of a ruling by the Swedish Water Supply and Sewage Tribunal. The Swedish Transport Administration called for an assessment of Stockholm Vatten's right to charge road owners for the handling of surface water. The company's differentiated rates were not approved by the Swedish Water Supply and Sewage Tribunal. This decision means that the company is entitled to charge for surface water draining, but not for the treatment of the water. Stockholm Vatten has appeal the ruling to the Court of Appeal. The loss incurred by Stockholm Vatten was covered through the release of an untaxed reserve in a corresponding amount.

**Compared with** the preceding year, the deficit reported by Stockholms Stadsteater increased by SEK 64 million to SEK -286 million. This deviation was attributable to the merger of Kulturhuset and Stockholms

Stadsteater into a new, joint cultural institution, Kulturhuset Stadsteatern, as of 1 July 2013. Kulturhuset was previously included in the City's Culture Committee.

**Excluding dividends**, the profit of the parent company, Stockholms Stadshus AB was SEK 9 million higher than in the preceding year. This was due to increased interest income and lower administrative expenses.

The dividend from the subsidiaries amounted to SEK 3,372 million, most of which was attributable to the housing companies. The dividend from Stockholm Vatten amounted to SEK 3 million. Since the dividend is an internal item within the Group, it is eliminated under Group adjustments. Accordingly, the dividend does not impact the profit of the combined Group. The other Group adjustments refer to amortisation of surplus values in the Group.

In 2013, Stockholms Stadshus AB acquired the City's 50.4% shareholding in the company Mässfastigheter i Stockholm AB. The company reported a total deficit of SEK 26 million. The City's share of this deficit amounted to SEK -13 million and was recognised in the consolidated financial statements.



## GROUP SUMMARY

<b>Financial key ratios (SEK million unless otherwise indicated)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating income	12,953	12,499	12,079	12,158	13,291
Profit after financial items	1,341	3,006	923	7,217	8,644
Tax as per the income statement	288	500	278	2,008	2,052
Surplus for the year	1,050	2,503	642	5,206	6,589
Return on total assets, %	1.6	5.1	2.6	11.8	14.6
Return on capital employed, %	2.9	11.0	5.8	28.9	29.5
Return on equity, %	2.1	8.6	1.5	12.1	16.3
Interest coverage ratio	1.2	3.9	1.9	7.9	8.0
Profit margin, %	10.4	24.0	7.6	59.4	65.0
<b>Number of employees</b>	<b>2 392</b>	<b>2,307</b>	<b>2,379</b>	<b>2,498</b>	<b>2,533</b>
Gross investments	8,112	9,419	8,567	8,022	8,503
Non-current assets	85,056	80,056	74,945	69,454	67,247
Current assets	2,139	1,700	2,223	1,725	2,201
Minority interest	28	25	21	20	15
Equity	47,919	48,769	46,936	46,294	42,012
Interest-bearing liabilities (gross)	43,773	36,616	33,362	28,563	32,377
Balance sheet total	87,195	81,756	77,168	71,179	69,448
Equity/assets ratio, %	55.0	59.7	60.9	65.1	60.5
Debt/equity ratio	0.9	0.7	0.7	0.6	0.8

### Definitions of key ratios

#### **Return on total assets**

Profit after financial items plus financial expenses as a percentage of the average balance sheet total.

#### **Return on capital employed**

Profit after financial items plus interest expenses divided by the balance sheet total, less non interest-bearing liabilities including deferred tax.

#### **Return on equity**

Profit after financial items and deduc-

tion of the standard rate of tax divided by average equity.

#### **Interest coverage ratio**

Profit after financial items plus financial expenses divided by financial expenses.

#### **Profit margin**

Profit after financial items divided by operating income.

#### **Number of employees**

Average number of full-year employees according to contracted time. The term full-year employees combines the work of permanent and temporary employees. Contracted time refers, for example, to employees on sick leave and parental leave and indicates the number of full-year employees for which the Group has employer responsibility.

#### **Equity/assets ratio**

Equity in relation to the balance sheet total, as per the consolidated balance sheet. Equity includes the capital portion of untaxed reserves.

#### **Debt/equity ratio**

Interest-bearing liabilities divided by equity.



## Commentary on Group summary

### **The Stockholms Stadshus AB**

**Group** reported an operating income of SEK 12,953 million. This represents an increase of approximately SEK 450 million compared with the preceding year. Several companies reported a higher operating income. The most significant increase of just over SEK 300 million was reported by SISAB and was a result of the new rental framework agreement with the City of Stockholm, which has been in effect since 2013. S:t Erik Markutveckling reported an increase in rental income of SEK 100 million due to the acquisition of new office properties.

Profit after net financial items for the Group amounted to SEK 1,341 million, including capital gains of nearly SEK 1,103 million arising as a result of the housing companies' sales of property during the year.

Net profit for the year, after tax and minority interests, amounted to SEK 1,050 million. Current tax on net profit for the year totalled SEK 288 million. Pursuant to a decision by the Riksdag, the tax rate was lowered from 26.3% to 22% as of 2013.

The balance sheet total amounted to SEK 87,195 million. This increase of nearly SEK 5 billion was primarily attributable to non-current assets in properties and land. Equity amounted to SEK 47,919 million, down nearly SEK 850 million compared with the preceding year. This decrease was due to the increased borrowing requirement created by the financing of the housing companies' investing activities combined with lower capital gains during the year. In addition, the City Council made a decision in the spring regarding an extra dividend of SEK

1,900 million from the Group to the City of Stockholm. This extra dividend is to be used for projects promoting integration and housing production in the City.

The equity/assets ratio remained high at 55%. The investment level in the Group was substantial. In addition to the housing companies' new production, other contributing factors to the investment volume during the year included measures within Stimulans för Stockholm and the completion of the Tele2 Arena.

The strong profit reported by the companies in recent years has been an important prerequisite for being able to implement Stimulans för Stockholm.

The number of employees in the Group increased as a result of the merger of Kulturhuset and Stadsteatern in mid-2013.



## APPROPRIATIONS WITHIN THE GROUP 2013

SEK thousand	Group contributions paid	Group contributions received	Shareholder contributions paid	Shareholder contributions received	Dividend to Stadshus AB Group	Dividend to the City of Stockholm
<b>Parent company</b>						
Stockholm Stadshus AB	-273,531				-1,000,000	1,000,000
<b>Subsidiaries</b>						
AB Svenska Bostäder					-19,144	
AB Familjebostäder					-1,656	
AB Stockholmshem					-1,896	
Bostadsförmedlingen i Stockholm AB						
Skolfastigheter i Stockholm AB (SISAB)		35,600				
Micasa Fastigheter i Stockholm AB		2,000				
S:t Erik Markutveckling AB	-53,769					
Stockholm Globe Arena Fastigheter AB		155,000				
Stockholm Vatten AB					-3,684	
Stockholms Hamn AB	-48,000					
AB Stokab	-56,000					
Stockholms Stads Parkerings AB	-47,300					
Stockholms Stadsteater AB		286,000				
Stockholm Business Region AB						
S:t Erik Försäkrings AB						
S:t Erik Livförsäkring AB						
Other companies						
Group adjustments						
	<b>-478,600</b>	<b>478,600</b>	<b>0</b>	<b>0</b>	<b>-1,026,380</b>	<b>1,000,000</b>



## Commentary on appropriations within the Group

**While the Group's overall result** in the 2013 annual accounts was positive, a few individual subsidiaries posted losses. The losses for these companies totalled SEK 479 million, which was covered by Group contributions from the profit of other Group companies.

The dividend from the housing companies amounted to nearly SEK 23 million in accordance with Section 3 of the Swedish Municipal Housing Companies Act. Stockholm Vatten also paid a dividend of nearly SEK 4 million pertaining to the return on the company's basic capital. The Group contributions are recognised in the accounts for 2013, unlike the dividend which will not be recognised until the following year.

According to the budget for 2014, the budgeted dividend to the City of Stockholm is SEK 1,000 million. The

City's dividend is preliminary and a final decision on the dividend will be made by the City Council in connection with its decision regarding the second four-month report of the year. This means that the City can waive or restrict the dividend if the economic situation allows. Each year between 2010 and 2012, the City Council has decided to waive its dividend for the year in question.

In 2013, the City Council decided on an extra dividend from the municipal housing companies on the basis of the annual accounts for 2012, in accordance with Sections 4 and 5:1 of the Swedish Municipal Housing Companies Act. The extra dividend from the housing companies totalled SEK 3,350 million. In accordance with the City Council's decision, SEK 1,900 million was reserved for projects

promoting integration and housing production in the City pursuant to section 5:1 of the Swedish Municipal Housing Companies Act. The extra dividend is currently subject to an assessment of legality by the Administrative Court. The extra dividend decided on by the City Council in 2012 on the basis of the annual accounts for 2011 was approved by the Administrative Court and Administrative Court of Appeal, but is now subject to a review permit by the Supreme Administrative Court.

According to the County Administrative Board, which along with the National Board of Housing, Building and Planning is responsible for supervising the municipal housing companies' value transfers, the dividends decided on by the City are correct.

# SUBSIDIARIES





## Svenska Bostäder

Svenska Bostäder offers quality housing, good service and safe living environments. Thanks to its improvement programme and sound management, the company is on the way to achieving its goals: well-maintained, energy-efficient properties and Greater Stockholm's most satisfied customers.

**Svenska Bostäder** has the important task of contributing to the City's supply of new rental apartments. In 2013, 145 apartments were completed in new low-energy or passive buildings. The company also began work on 41 apartments in Vällingby and 19 apartments in Spånga, as well as 243 student apartments in the Vallgossen block in the former S:t Göran Upper Secondary School. Approximately 450 new apartments are planned in 2014.

Company's share of Group turnover



During the year, seven properties with 403 apartments were sold to tenant-owner associations. One commercial property, Rid-daren 23 in Östermalm, was sold.

Järvalyftet is a long-term project with the City of Stockholm and other operators to promote positive social and economic development and to increase attractiveness and peace of mind in the districts around Järvafältet. Svenska Bostäder is a major property owner in the area and is working to ensure its long-term development with a focus on tenants and the living environment. An intensive improvement phase is currently under way with the refurbishment and renovation of courtyards and buildings in close collaboration with the tenants.

**As part of Vision Söderort,** dialogues have been carried out with residents in Värberg and



Perenniparken in Skärholmen, featuring one of Svenska Bostäder's refurbished, energy-efficient buildings.

Bagarmossen and feedback has been received. Svenska Bostäder is contributing to the programme by expanding its maintenance, energy-saving and security measures, as well as through courtyard refurbishments.

Within Vision Hässelby-Vällingby, dialogues have been held with residents in Hässelby Gård and Grimsta. These dialogues were carried out with the aim of making the districts more attractive for residents and businesses in the area. Feedback will be provided in 2014.

**Svenska Bostäder** measures customer satisfaction by performing an annual customer survey of one-third of its residents. The re-

sults of the 2013 customer survey showed a continued positive trend and confirmed that the company's systematic improvements and consistent goal-oriented management work is appreciated by its tenants.

**Svenska Bostäder** owns and manages a total of 25,425 apartments, 4,062 premises and five commercial centres. The company has developed and built new districts, housing areas and homes since 1944. Our portfolio ranges from apartments for students and researchers to housing for the elderly. Through our subsidiary Stadsholmen, we also manage the City's finest cultural heritage – 1,631 rental apartments and 796 premises.

Pelle Björklund,  
Managing Director



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	2,481	2,524	2,534	2,636	3,068
Operating profit, SEK million	475	1,269	363	3,782	4,308
Profit after net financial items, SEK million	406	1,216	353	3,748	4,106
Return on total assets,%	2.8	8.2	2.4	25.5	27.5
Equity/assets ratio,%	70.7	82.0	82.3	87.9	67.0
Interest coverage ratio, multiple	6.5	23.2	27.3	82.6	19.9
Balance sheet total, SEK million	17,711	16,545	15,795	14,588	15,136
Gross investments, SEK million	1,887	2,145	2,018	1,483	1,852
Depreciation, SEK million	-534	-515	-492	-466	-497
Average no. full-year employees	264	275	298	362	394





## Familjebostäder

Through its daily operations and with an eye to the future, Familjebostäder offers housing, constructs and manages buildings, and contributes to the development of the City. The year 2013 was dominated by development efforts to meet the requirements of a modern property company in a growing city.

**Familjebostäder** intensified its efforts to contribute to the City's construction goals and to carry out its own assignment comprising a minimum of 500 new homes per year. In 2013, the company obtained land allocation rights for 970 homes. Plans are under way on a number of projects that will result in at least 1,800 new rental apartments between 2015 and 2020. In 2013, 238 new rental apartments were completed in Norra Djurgårdsstaden, Älvsjö and Farsta. Construction work continued in Fruängen, Farssta and Midsommarkransen. In 2014, construction is scheduled to

begin on 278 new homes in Årsta and Svedmyra.

Through Stimulans för Stockholm, the company invested just over SEK 2 billion in maintenance, environmental enhancement measures and new production between 2009 and 2013. These investments will have long-term benefits for both tenants and the environment and represent a significant contribution to the value of the City's property holding.

**Management and tenant service** are part of the company's core assignment. To strengthen Familjebostäder's management capacity, the company adopted a co-ordinated management organisation during the year, thereby creating the necessary conditions to further develop and strengthen its daily management and establishing a unified approach with regard to management levels and work practices. Co-ordinated

customer service with a number assigned to each case strengthens the company's ability to track cases, from customer contact to execution, follow-up and feedback.

**The construction** of Rinkebystråket, a new meeting place and retail centre in Järva, began during the autumn. More than 1,500 Rinkeby residents attended celebrations in connection with the ground-breaking ceremony in August and the thoroughfare is now being converted into a space for stores, restaurants, meeting places, garden areas and trees. The project is expected to be completed in autumn 2015. One year prior, the Culture Administration, Familjebostäder and the Swedish

Police Service will move into a shared premises in the company's property next to the retail centre. This will bring some 120 jobs to the area, thereby providing a strong base for retail and service operations and more clearly solidifying the role of the public authorities in the area.



Kaosz Unity Dance Troupe performing at the ground-breaking ceremony for Rinkebystråket in August 2013.

PHOTO: DAVID RICHIO

**Familjebostäder**, founded in 1936, offers rental apartments in attractive and safe areas. Approximately 40,000 Stockholmers currently reside in our 368 properties. We are building new homes at a fast rate, maintaining our existing portfolio in order to create stable, long-term value growth for the City of Stockholm and are involved in the development of the districts in which our operations are concentrated.

Magdalena Bosson,  
Managing Director



FAMILJEBOSTÄDER

Company's share of  
Group turnover

SEK  
1,691  
million

Total SEK  
12,953 million

### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	1,691	1,773	1,713	1,724	1,641
Operating profit, SEK million	767	1,312	606	2,137	2,027
Profit after net financial items, SEK million	667	1,221	531	2,065	2,037
Return on total assets,%	5.8	10.6	5.0	18.5	20.8
Equity/assets ratio,%	60.5	73.5	72.8	72.3	63.0
Interest coverage ratio, multiple	7.6	14.4	7.9	27.1	23.7
Balance sheet total, SEK million	13,841	12,726	12,352	11,926	11,356
Gross investments, SEK million	1,163	1,366	1,249	2,069	2,968
Depreciation, SEK million	-265	-274	-253	-224	-203
Average no. full-year employees	277	267	267	288	265



## Stockholmshem

Stockholmshem's operations in 2013 were characterised by new production, improvement work and a new organisation located in closer proximity to its customers and properties. In addition to being named Environmental Building of the Year, the company's passive building in Hökarängen was the first building in Stockholm to receive Gold Building status.

**Stockholmshem** is responsible for maintaining a high rate of new production and the company has an extensive project portfolio. During the year, construction began on five major housing projects comprising a total of 672 apartments.

The comprehensive improvement work carried out on the company's buildings from the 1950s in recent years is now essentially complete. In total, slightly more than 9,200 apartments had their plumbing replaced and work

on the remaining 200-odd apartments will be completed next year.

Prior to any improvement work on Stockholmshem's newer portfolio, an inventory was compiled of the company's properties built between 1960 and 1980. This portfolio is not as extensive as the company's older portfolio and a number of minor improvements have already been made. Accordingly, the company's future improvement programmes will be tailored and adapted to the specific needs of the properties rather than the year they were built.

A small number of project properties with developable land were acquired to ensure a high rate of new production. Just over 60 apartments were converted into tenant-owner housing in Solberga.

**Stockholmshem's passive building** in Hökarängen was recognised for its environmen-



Stockholmshem's passive building in Hökarängen achieved Gold Building status and was named Environmental Building of the Year.

tal qualities on several occasions during the year. The building achieved the Gold Building standard in April – the first residential building to receive such recognition in Stockholm – and was named Environmental Building of the Year by the Sweden Green Building Council in September.

The motivating statement for the award described the building as “a cutting-edge project in the Swedish public housing sector that provides tenants with a green property they can feel proud of”. The building uses less than half the energy stipulated in today's building regulations and is equipped with solar thermal collectors that heat the building's tap water.

**Stockholmshem's new organisation**, which was launched on 1 January, involves greater decentralisation with the aim of further improving the company's tenant service and maintenance.

Profit after net financial items, excluding non-recurring items and capital gains, amounted to SEK 108 million, which was higher than the anticipated figure of SEK 75 million. This was partly the result of lower heating costs.

**Stockholmshem** *Stockholmshem is one of the country's largest housing companies. Nearly 50,000 tenants reside in our approximately 25,000 homes. We also own and manage slightly more than 300,000 square metres of premises and parking spaces. Just over 91% of our tenants recommend Stockholmshem as a landlord. Our vision is to offer all of our tenants a home that is welcoming, comfortable and secure in every way. Every day.*

Ingela Lindh,  
Managing Director



Company's share of  
Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	1,996	1,912	1,824	1,830	1,917
Operating profit, SEK million	339	627	349	1,709	2,077
Profit after net financial items, SEK million	165	479	220	1,588	2,118
Return on total assets,%	2.2	4.5	2.6	13.6	18.7
Equity/assets ratio,%	51.7	57.9	60.5	66.0	59.4
Interest coverage ratio, multiple	2.0	4.2	2.6	12.9	13.1
Balance sheet total, SEK million	16,300	15,211	14,327	12,885	12,454
Gross investments, SEK million	1,413	1,930	1,594	1,460	1,525
Depreciation, SEK million	-351	-300	-274	-245	-262
Average no. full-year employees	284	302	315	312	307



## Bostadsförmedlingen i Stockholm

In 2013, the company allocated more than 10,000 homes across the region, from Uppsala in the north to Nyköping in the south. Never before has the company allocated as many homes owned by private landlords.

**As Stockholm grows**, the housing market is facing intense pressure, with the demand for housing exceeding the supply. Plans are in place to build 12,000 homes in the region each year over the next few years, which means that the rate of new construction will double. In Stockholm alone, approximately 450 projects are under way in different stages.

Bostadsförmedlingen has an important task in this market – namely, to obtain as many homes as possible from the property owners in the region and allocate

them to customers on the waiting list.

By providing an interactive, easy-to-use system for allocating rental homes, as well as advice and knowledge about Stockholm as a place to live, the company simplifies the search process for people looking for a home in Stockholm. By offering property owners access to a professional, secure and free allocation service, the company builds relationships. Bostadsförmedlingen cooperates with more than 240 property owners across the region, from Uppsala in the north to Nyköping in the south.

**In 2013**, 10,139 homes were submitted for allocation. The number of previously rented apartments registered increased to a record level of 8,837. The number of homes registered by private property owners rose by nearly 900 to

more than 4,100. Never before have so many homes owned by private landlords been registered for allocation. Of the homes allocated, 51% were allocated after a waiting period of 5.6 to 8.3 years, which represents an increase of just over six months compared with 2012.

A total of 10,079 homes were allocated in 2013, 8,149 of which were allocated to customers on the waiting list, 1,278 through the City's internal waiting list and 586 as priority housing, trial housing, halfway homes and temporary relocation housing.

**The number of customers** on the waiting list at year-end was 431,144, corresponding to a net

increase of 32,457 people during the year. This rate of increase is in line with the rate in 2012.

During the year, the company changed its name from Stockholms Stads Bostadsförmedling AB to Bostadsförmedlingen i Stockholm AB to emphasise the company's regional operations.



Never before has the company allocated as many homes owned by private landlords as in 2013.

**Bostadsförmedlingen** was formed in 1947 and has been operating in company form since 1999. The company's brief is to allocate housing and be responsible for information to the general public about the housing market. In addition to the usual types of allocation, we are also responsible for allocating priority housing, trial housing and halfway homes, as well as for allocation to customers on the City's internal waiting list. We serve as a natural arena for the rental market in the Stockholm region characterised by an interactive, safe, easy-to-use service for allocating rental properties.

Lena Daag,  
Managing Director



Company's share of  
Group turnover

SEK 93  
million

Total SEK  
12,953 million

### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	93	88	83	82	84
Operating profit, SEK million	7	8	7	10	22
Profit after net financial items, SEK million	8	9	9	12	23
Return on total assets,%	13.7	15.5	15.4	20.7	38.9
Equity/assets ratio,%	14.6	4.7	4.0	4.2	3.8
Interest coverage ratio, multiple	1,055.3	634.9	800.2	e.t	e.t
Balance sheet total, SEK million	63	60	59	55	63
Gross investments, SEK million	1	1	0	0	0
Depreciation, SEK million	0	0	0	0	-6
Average no. full-year employees	76	73	71	70	69



## Skolfastigheter i Stockholm (SISAB)

During the year, SISAB completed construction on a Gold-standard school and Nordic Ecolabelled pre-school – two major projects that have helped SISAB advance its environmental initiatives. The company's work to contribute to a sustainable Stockholm has also generated significant energy savings.

**SISAB's guidelines** and references for all new construction projects include strict sustainability requirements for pre-schools and schools. In 2013, these requirements were implemented within the framework of two environmental certification systems – Nordic Ecolabel and Sweden Green Building Council.

Sweden's first Nordic Ecolabelled pre-school opened in Stockholm's Annedal district in the autumn and SISAB handed over the keys to Lugnet School

in Hammarby sjöstad in December. Lugnet School was awarded Gold certification, the highest standard assigned by the Sweden Green Building Council. This was a highly instructive process for SISAB and the company learned a number of important lessons that can be applied to future projects.

**On 1 January 2013**, a new rental framework agreement took effect. Among other conditions, this agreement stipulated that SISAB was to assume responsibility for the electricity costs of the City's schools and pre-schools. During the year, SISAB continued its efforts to optimise and rationalise energy consumption. While the goal for 2013 was to cut the company's energy consumption by 3%, the final result for the year was an impressive 8% reduction.



PHOTO: THOMAS BERGSELL

Pupils at the Gold-standard Lugnet School, the first school in Stockholm to be awarded top Gold certification under the Sweden Green Building Council's environmental certification system.

**The company's efforts** to reduce the amount of damage caused to the City's schools and pre-schools continued to yield positive results. In 2013, the number of damage reports declined by just over 5%. During the spring riots that started in Husby, SISAB's organisation demonstrated a high level of preparedness. Thanks to the efforts of the company – together with various security companies, the Lugna Gatan crime prevention programme and other positive forces, including residents who volunteered to perform night patrols – no major damages was sustained by the City's schools.

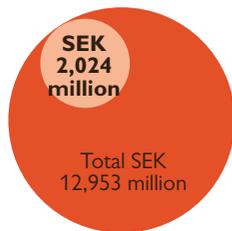
**SISAB performs** a customer survey every second year. The responses gathered in 2013 indicated the highest results since the survey was first introduced ten years ago. The survey also identified a number of improvement areas, including outdoor environments. To address these issues, SISAB has started reviewing and refurbishing a number of school yards.

*SISAB is a municipal company, formed in 1991, that owns and manages the majority of Stockholm's pre-schools, compulsory schools and upper secondary schools. We manage and develop premises covering 1.7 million square metres of floor space, which are used by over a hundred thousand people every day. Our remit is to provide suitable, flexible and cost-effective premises for Stockholm's schools and pre-schools. Together with our committed personnel and tenants, we create quality learning environments with healthy finances and a long-term environmental approach.*

Åsa Öttenius,  
Managing Director



Company's share of  
Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	2,024	1,717	1,699	1,756	1,778
Operating profit, SEK million	191	121	87	165	201
Profit after net financial items, SEK million	-22	-100	-150	-87	-47
Return on total assets,%	2.2	1.5	1.1	2.0	2.5
Equity/assets ratio,%	2.8	2.6	2.7	2.7	2.6
Interest coverage ratio, multiple	0.9	0.5	0.4	0.7	0.8
Balance sheet total, SEK million	8,760	8,489	8,228	8,242	8,233
Gross investments, SEK million	770	739	469	435	533
Depreciation, SEK million	-464	-437	-432	-416	-397
Average no. full-year employees	173	151	157	165	159



## Micasa Fastigheter i Stockholm

The company reorganised its operations in order to strengthen its business and management focus. The company's top priority is to provide accessible and sheltered housing for the elderly and for people who require additional support and security in the home.

**Extensive maintenance work** was carried out under the framework of the Äldrelyftet project and refurbishments called for under various regulatory requirements were performed in parallel with the company's efforts to reduce its environmental impact. Efforts were made to enhance the residents' outdoor environments and improve accessibility. This is an important part of housing for the elderly since the gardens are designed to encourage residents to spend time outdoors and function as an outdoor living space with areas for social interaction and activities.

**In Norra Djurgårdsstaden,** Micasa Fastigheter obtained the land allocation rights for a property with a nursing and care home and apartments for the elderly. In order to highlight the City of Stockholm's ambitious goals with respect to housing for the elderly and sustainable construction in the district, a project competition was held in the spring and Micasa Fastigheter has now contracted the winning architectural firm from Gothenburg, White Arkitekter.

During the year, the company sold its Kvarnberget 2 property in Rinkeby to AB Familjebostäder since the property could not be rebuilt to meet the future requirements for a good nursing and care home.

**At the company's sheltered housing,** the activities held by Micasa to promote a sense of community are highly appreciated. Joint activities were arranged at all of the properties during the year,



Residents participating in the Micasa Games, where teams from the company's sheltered housing compete against one another.

attracting hundreds of visitors and allowing the residents of the company's sheltered housing to meet and establish further contacts. The mobile photo exhibition "Sakta vi gå genom stan," which takes its name from the Swedish version of the song "Walking My Baby Back Home," was shown at some 20 of Micasa Fastigheter's homes. The exhibition was a collaboration between Stockholm Konst and Micasa Fastigheter.

**As part of the City's efforts** to preserve and manage its collection of art under the "1% Rule", which states that 1% of the total cost of construction, conversions and extensions in Stockholm is to be devoted to artistic decoration, as well as other works of art, the

company compiled documentation on all of the artwork in its properties. This information was used to create a book of artwork with four "art tours" describing the history, architecture and artwork of the properties. The aim of the project was to make the artwork available for people who are not physically able to take part in the actual tours.

Company's share of  
Group turnover

SEK  
998  
million

Total SEK  
12,953 million

**Micasa Fastigheter** i Stockholm, founded in 1999, owns and manages the City of Stockholm's care-provision properties. The company's business concept is to offer attractive, adapted housing for people in the City of Stockholm who require support and security. Micasa Fastigheter has a special mandate to actively contribute to developing housing for the elderly, people with disabilities and others with special needs.

Patrik Emanuelsson,  
Managing Director



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	998	965	946	954	921
Operating profit, SEK million	160	57	71	-69	71
Profit after net financial items, SEK million	-21	-135	-137	-274	-119
Return on total assets,%	2.3	0.8	1.1	neg	1.2
Equity/assets ratio,%	1.9	2.0	2.2	2.3	2.7
Interest coverage ratio, multiple	0.9	0.3	0.3	neg	0.4
Balance sheet total, SEK million	7,107	7,039	6,871	6,764	6,327
Gross investments, SEK million	392	309	455	462	424
Depreciation, SEK million	-148	-147	-129	-127	-119
Average no. full-year employees	69	83	83	81	73



## S:t Erik Markutveckling

In accordance with Vision Bällsta, the company is developing the former Carlsberg/Pripps brewery from an industrial property into a retail area with the scope for additional commercial properties and housing.

**S:t Erik Markutveckling** and its subsidiaries own premises comprising nearly 200,000 square metres of rentable space in the city development areas of Ulvsunda and the Slakthuset area.

The company's properties in Ulvsunda have now entirely shifted their focus from manufacturing premises to a modern, attractively located retail centre. During the year, development and leasing continued according to

the long-term plan for the properties. Perhaps the most notable development was the letting of the former premises of the Carlsberg/Pripps brewery to Stockholm Vatten. The lease encompasses Carlsberg's former head office, warehouse and workshop. Once the letting of these premises is complete, the property will essentially be fully leased.

In October, the Tvärbanan Norr light rail line began operating between Alvik and Solna. In order to ensure optimal accessibility to Norra Ulvsunda station, the company built a station square next to the new stop.

**The company's properties** in the Slakthuset area include office premises, as well as manufacturing and warehouse premises. These premises are mostly leased and several of the City's administrations and companies are tenants of the company. In October 2013,

an additional site leasehold was acquired in the Slakthuset area.

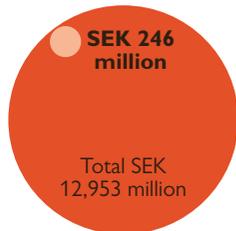
**The Slakthuset area** will undergo major changes under Vision Söderstaden 2030. Work is currently under way on a programme to turn the area into a diverse district with 2,500 to 3,000 new homes. According to the current schedule, an initial development plan will be established in July 2016 at the earliest.

Toward the end of the year, the company decided to acquire two additional subsidiaries with three site leaseholds in the Slakthuset area and Västberga. The acquisitions are conditional on a decision by the City Council by 30 June 2014.



In October, the Tvärbanan Norr light rail line began operating between Alvik and Solna.

Company's share of Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	246	146	117	105	81
Operating profit, SEK million	82	56	34	31	26
Profit after net financial items, SEK million	30	25	10	8	8
Return on total assets,%	3.7	3.7	3.1	3.9	3.9
Equity/assets ratio,%	2.1	3.0	3.6	5.8	7.4
Interest coverage ratio, multiple	1.6	1.8	1.4	1.4	1.4
Balance sheet total, SEK million	2,232	2,218	1,326	869	707
Gross investments, SEK million	84	954	472	163	56
Depreciation, SEK million	-49	-25	-15	-14	-10
Average no. full-year employees	4	3	2	2	2

**S:t Erik Markutveckling** has been operating since 2004. The company's operations are conducted through a number of subsidiaries: Fastighets AB G-mästaren, Fastighets AB Runda Huset, Fastighets AB Charkuteristen, Fastighets AB Styckmästaren, Fastighets AB Tuben, Kylfacket Förvaltning AB, Fastighets AB Kylrummet and Fastighets AB Palmfelt Center. The subsidiaries own properties in the city development areas of Ulvsunda and Söderstaden.

Marie Wallhammar,  
Managing Director



S:T ERIK MARKUTVECKLING AB



## Stockholm Globe Arena Fastigheter

Stockholm's newest arena – the Tele2 Arena – opened its doors in 2013. This milestone was followed by two additional openings: the entertainment destination Tolv Stockholm at the arena's street level and Arenagaraget (the arena garage). This Globen area is now one of Europe's largest event areas.

**SGA Fastigheter** is working to expand its property portfolio and develop the Globen area in cooperation with other property owners. The Tele2 Arena, which opened its doors on 20 July 2013 followed by an official opening ceremony on 24 August – is an important component of this work. Some 30 events were held at the Tele2 Arena during 2013, attracting a total of 420,000 visitors. With the opening of the Tele2 Arena, Stockholm has strengthened its position as an attractive event city.

**Now that the Tele2 Arena** is open, the area's old arena, Söderstadion, is no longer in operation. In spring 2013, an orientational decision was made regarding the construction of the City of Stockholm's new Tekniska Nämndhuset administrative building on approximately half of the land currently occupied by Söderstadion. The plan is to build housing on the remaining land. The company also owns land to the south of the arena, where it plans to build a retail and housing area in cooperation with IKEA/Ikano. Part of the financing for the Tele2 Arena will be derived from the divestment of development rights, which means that the company, in accordance with the owner directive, is preparing to sell these rights when market conditions allow.

**24 October 2013** marked the opening of Tolv Stockholm, a 12,000 square metre enter-

tainment destination located at the Tele2 Arena's street level, designed to combine music, food, beverages, sports, games, entertainment and culture. Tolv Stockholm will offer visitors with a first-rate entertainment experience, while at the same time providing local residents with a convenient meeting place. Tolv Stockholm is a key component in the development of the Stockholm Entertainment District.

**Arenagaraget opened on 16 November 2013.** The company has begun planning for the sale of the garage to Stockholm Parkering.

Approximately 260 events were held at SGA Fastigheter's arenas in 2013, attracting about

1.6 million visitors, excluding Tolv Stockholm. The opening of the Tele2 Arena, Tolv Stockholm and Arenagaraget boosted the attractiveness of the area and the number of events and visitors is expected to increase.

Company's share of Group turnover

SEK 25 million

Total SEK 12,953 mnkr

**The SGA Fastigheter Group** owns, manages and develops the arena properties in the Globen area: the Tele2 Arena and Ericsson Globe, including SkyView, Annexet and Hovet. The company also owns the entertainment destination Tolv Stockholm and Arenagaraget at the Tele2 Arena. Our vision is to create a world-class entertain destination.

Mats Grönlund,  
Managing Director



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	25	24	24	27	27
Operating profit, SEK million	-115	-71	-74	-50	-54
Profit after net financial items, SEK million	-156	-79	-84	-64	-74
Return on total assets, %	0.0	0.0	neg	neg	neg
Equity/assets ratio, %	11.3	14.9	18.4	31.1	23.0
Interest coverage ratio, multiple	neg	neg	neg	neg	neg
Balance sheet total, SEK million	4,077	3,114	2,493	1,480	918
Gross investments, SEK million	896	686	1 037	560	154
Depreciation, SEK million	-23	-29	-23	-21	-23
Average no. full-year employees	16	14	14	13	11



Stockholm's newest arena – the Tele2 Arena – opened its doors on 24 August 2013.

PHOTO: PIXPROVIDER



## Stockholm Vatten

Stockholm Vatten's most recent customer survey showed that nine out of ten customers gave top marks to Stockholm's drinking water. The survey, which was conducted jointly with Oslo, Gothenburg, Malmö and Copenhagen, also revealed that Stockholmers were the most satisfied customers of all four Nordic cities.

**Stockholm Vatten** supplies 1.3 million Stockholmers with drinking water. Before the water leaves the waterworks, it is carefully inspected to ensure it is of the highest quality. During the year, the company's laboratory became accredited to conduct its own microbiological analyses on the water leaving its waterworks, enabling faster and more accurate results. A new intake pipe was installed at Lovö waterworks, thereby further improving the quality of the drinking water produced.

Company's share of Group turnover



The new intake pipe will make it possible to collect water from a lower depth, which will minimise the risk of plant contamination.

**Slightly more than 300** hectares of agricultural land near the City's reserve water supply in Bornsjön is now being managed by the company itself in order to reduce the nutrient load on the lake. The goal for the future is to conduct organic agricultural operations. In December, the Board of Directors of Stockholm Vatten made an orientational decision regarding the construction of a water treatment plant on Bornsjön to reduce the internal phosphorous load.

**The number of waste** disposal units in Stockholm homes is continuously increasing. To encourage this trend, a demonstration of waste disposal units was arranged in the spring in cooperation with the supplier association for waste

disposal companies. It is estimated that about 1% of a total of 400,000 households in Stockholm now has a waste disposal unit.

**As a large number** of people move to Stockholm, improvements will need to be made with respect to the capacity of the City's wastewater treatment facilities, both in terms of volume and in preparation for more stringent treatment requirements. This will require major investments in order to expand the City's wastewater treatment capacity. In 2013, the City Council made an orientational decision regarding its future wastewater treatment to investigate the possibility of clos-

ing the Bromma treatment plant and expanding the Henriksdal plant to accommodate the wastewater from the Western region of Stockholm. The project will result in a reduction in the levels of nitrogen and phosphorous discharged into the Baltic Sea.

**Stockholm Vatten's** task is to satisfy its customers' needs for water services. We supply drinking water to Stockholm, Huddinge and ten neighbouring municipalities, approximately 1.3 million people in all. Our treatment plants treat the wastewater from Stockholm, Huddinge and six neighbouring municipalities. Our assignment also includes protecting the water environment and restoring lakes so that the Stockholm region can grow and develop without harming nature.

Gösta Lindh,  
Managing Director



PHOTO: KARI KOHONAKKA



Stockholm Vatten aims to contribute to the growth and development of the Stockholm region without damaging the City's water environment.

### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	1,311	1,307	1,175	1,189	1,158
Operating profit, SEK million	121	233	165	236	255
Profit after net financial items, SEK million	-65	42	-41	25	64
Return on total assets,%	1.5	3.2	2.3	3.4	4.0
Equity/assets ratio,%	2.3	3.2	3.2	3.8	3.5
Interest coverage ratio, multiple	0.7	1.2	0.8	1.1	1.3
Balance sheet total, SEK million	8,236	7,703	7,409	7,061	6,777
Gross investments, SEK million	644	552	551	610	566
Depreciation, SEK million	-271	-250	-234	-220	-202
Average no. full-year employees	377	397	380	407	408



## Stockholms Hamnar

In 2013, approximately 12 million passengers and just over eight million tons of freight passed through the ports operated by Stockholms Hamnar, making the company the largest passenger port and second largest commercial port in Sweden.

**During the year,** a record number of cruise passengers entered the company's ports. Record-high container volumes were also reported at the company's port terminal.

The company focused intensively on its property organisation and the use of properties in order to ensure that its property portfolio and many tenants are attended to in an optimal manner. Stockholms Hamnar has a historically low vacancy rate of 1.4%.

The City of Stockholm is currently pursuing Vision 2030, a

long-term, co-ordinated vision for the development of Stockholm. This vision influences Stockholms Hamnar's daily operations, as well as the company's major development projects.

**The year 2013** marked a historic event as ground was broken for the construction of the new port in Värtahamnen. This is an important project for the shipping industry in Stockholm and the new Norra Djurgårdsstaden district. The City and its ports are now growing side by side.

Stockholms Hamnar also began preparations for the reconstruction of the port in Kapellskär. This is the closest port to Finland, which will give the port an optimal position when the European Commission's Sulphur Directive takes effect in 2015. The port currently has a shortage of

space and the reconstruction project is eagerly anticipated.

**The new Stockholm-Norvik** commercial port is still under judicial proceedings by the Land and Environment Court and approval of the terms of construction and operation is pending. The process has been prolonged, which is unfortunate since the capacity required at the container terminal in Frihamnen is increasing and the planned city development in the area may restrict operations.

As in the past, environmental issues were a top priority and Stockholms Hamnar remains dedicated to its sustainability ef-

orts. The year 2013 marked the second year the company presented a sustainability report in accordance with the GRI standard. The company also reworked its vision, business concept and objective and incorporated sustainability work into its business planning process.



In 2013, a record number of cruise passengers entered Stockholms Hamnar's ports.



**Stockholms Hamnar** is working to develop Stockholm into a vibrant, modern shipping city for residents, business and tourism. The company's mandate includes promoting shipping and safeguarding the region's supply of goods. Among other areas, the company is responsible for quays, facilities and services for ferry, cruise and cargo traffic. Stockholms Hamn AB was formed in 1991 and is a wholly owned subsidiary of Stockholms Stads-hus AB.

Johan Castwall,  
Managing Director



STOCKHOLMS HAMNAR

Company's share of  
Group turnover

**SEK 724  
million**

Total SEK  
12,953 mnkr

### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	724	704	661	633	672
Operating profit, SEK million	135	137	135	98	57
Profit after net financial items, SEK million	106	109	107	71	36
Return on total assets,%	7.2	8.6	8.6	7.2	4.8
Equity/assets ratio,%	27.1	29.0	28.5	29.5	30.0
Interest coverage ratio, multiple	4.5	4.8	4.7	3.7	2.7
Balance sheet total, SEK million	2,035	1,748	1,700	1,459	1,261
Gross investments, SEK million	438	128	306	328	250
Depreciation, SEK million	-112	-102	-90	-83	-74
Average no. full-year employees	143	135	155	142	215



## Stokab

Operating income increased by 3% during the year to SEK 705 million and a total of 1,785 fibre optic connections were delivered. Demand for the company's products remained high from all customer groups.

**Profit before tax** for 2013 rose approximately 1% to SEK 175 million compared with 2012, which is the best result in the company's history. This increase was attributable to continued high demand for the company's products, a high delivery capacity and lower overheads as a result of efficiency enhancements.

The order intake amounted to SEK 274 million. All customer categories ordered products

during the year, which was mainly due to increased demand from households and companies for more broadband-intensive services.

As a result of the high order intake, net turnover continued to increase and amounted to SEK 712 million. This corresponds to a rise of 3% (SEK 20 million) on the previous year.

**Deliveries of fibre optic connections** remained at a very high level. A total of 1,785 connections were delivered during the year, exceeding the target of 1,600.

According to the Acreo Swedish ICT research institute,

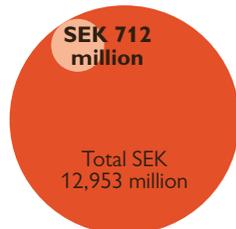


PHOTO: PETER PHILIPS

The City's extensive fibre optic network has enabled an expansion of the 4G LTE mobile network.

Stokab's fibre optic network has contributed SEK 16 billion to the national Swedish economy in the form of more jobs, increased property value and lower broadband prices. The company's fibre optic network was one of the main reasons that Stockholm was named the world's best networked city in Ericsson's Networked Society City Index 2013.

Company's share of Group turnover



**Stokab** supplies a passive fibre optic network in the Stockholm region. The network is open to everyone on equal terms. The company aims to help establish favourable conditions for IT development and contribute to positive growth in the Stockholm region. Providing competition-neutral infrastructure promotes competition, diversity and freedom of choice.

Jörgen Kleist,  
Managing Director



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	712	692	662	638	570
Operating profit, SEK million	203	207	204	200	182
Profit after net financial items, SEK million	175	174	171	168	149
Return on total assets,%	9.2	10.0	10.2	11.4	11.5
Equity/assets ratio,%	31.8	26.2	21.7	22.8	18.5
Interest coverage ratio, multiple	7.1	6.1	5.9	6.1	5.3
Balance sheet total, SEK million	2,164	2,273	2,154	1,875	1,656
Gross investments, SEK million	172	332	501	361	331
Depreciation, SEK million	-258	-244	-210	-190	-161
Average no. full-year employees	93	94	100	100	101





## Stockholm Parkering

In 2013, the company decided to invest SEK 1 billion in new garages, including a garage with 1,340 parking spaces under Hagastaden. Garage refurbishments amounted to a record-high SEK 24 million. Thanks to a high level of utilisation of its parking spaces and new mandates, the company was able to deliver its strongest financial results to date.

**The company's vision** is to create the scope for Stockholm to grow. In accordance with this vision, the Board of Directors of Stockholm Parkering made a decision during the year regarding new investments totalling approximately SEK 1 billion. Construction on Stigbergsgaraget (Stigberg parking garage) began in 2013. Along with additional parking spaces in Stigbergsgaraget, the company decided to build an underground garage in Hagastaden with 1,340 parking spaces and to acquire the future Torsplansgaraget (Torsplan parking garage) with 214 parking spaces.

The company's long-term plan also includes the acquisition of the garage located under the Tele2 Arena. In autumn 2013, Stockholm Parkering took an initial step toward achieving this plan by assuming responsibility for the operation of Arenagaraget from SGA Fastigheter.

**During the year,** Stockholm Parkering entered into an agreement with SISAB stipulating that all compulsory and upper secondary schools are to be subject to parking regulations. These parking spaces were also made available to the public. In central Stockholm alone, the decision resulted in 400 new spaces being made available for short-term parking.

**Park-and-ride facilities** are helping to reduce road traffic in central Stockholm. Two new park-and-ride facilities were created during the year: one in Åregaraget in

Vällingby City and one at the Globen metro station. In addition, the park-and-ride facility in Räcksta has been temporarily closed for reconstruction and expansion.

**The company** is working intensively to create new charging stations for electric cars. At year-end 2013, the company had 308 charging stations in visitor parking spaces and 30 charging stations for tenants.

The company invested more than SEK 24 million in order to make improvements to its facilities, SEK 20 million of which was invested within the framework of Stimulans för Stockholm. The David Bagare multistorey car park was the single largest im-

provement project in 2013.

The company's financial results for 2013 exceeded the City Council's yield requirement. Profit after net financial items amounted to SEK 67 million, excluding stimulus measures, which surpassed the past year's record result by 9 million.



Vice Mayor for Traffic Ulla Hamilton detonated the first blast at a ceremony held at Stigbergsgaraget on 9 September 2013.

PHOTO: THOMAS HENRIKSSON

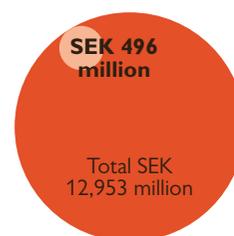


**Stockholm Parkering** was founded in 1976. We strive to offer Stockholmers and visitors attractive, well-located parking facilities. Our goal is to take pressure off the road network and strive for a good city environment. One of our most important tasks is to build new, primarily underground, garages. The company is responsible for approximately 76,500 parking spaces in garages, multistorey car parks and surface parking facilities

Christian Rockberger,  
Managing Director



Company's share of  
Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	496	488	459	435	427
Operating profit, SEK million	61	54	27	30	35
Profit after net financial items, SEK million	47	38	8	12	19
Return on total assets, %	8.0	7.1	3.5	4.1	5.1
Equity/assets ratio, %	13.6	13.6	13.3	13.5	14.0
Interest coverage ratio, multiple	4.3	3.3	1.4	1.6	2.2
Balance sheet total, SEK million	759	758	773	761	735
Gross investments, SEK million	43	28	59	62	148
Depreciation, SEK million	-43	-44	-42	-37	-29
Average no. full-year employees	73	76	77	80	80

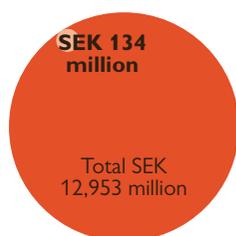


## Stockholms Stadsteater

In February 2013, Stockholm City Council decided to merge Stockholms Stadsteatern and Kulturhuset to form a joint company. The merger was to take place as soon as possible and no later than 1 July 2013. All employees were involved in the intensive project work carried out in 2013.

**For Stockholms Stadsteater**, the financial year was largely dominated by the merger. A project organisation with representatives of Kulturhuset, the Culture Administration and Stockholms Stadsteater worked until 1 July 2013 to ensure the process was successful. Intensive work was carried out by 12 teams with focus areas ranging from records and agreements, library issues and property matters to finances and organisational issues.

Company's share of  
Group turnover



**In spring 2013**, the market research company TNS-Sifo was commissioned to investigate Stockholmers' views of Kulturhuset and Stockholms Stadsteater's operations. The overall results for Stockholms Stadsteater and Kulturhuset were excellent – 83% of the people surveyed stated that they felt a high level of confidence in Stockholms Stadsteater and 77% in Kulturhuset. This is a very high confidence rating. With the exception of Sveriges Radio and Sveriges Television, few institutions can match these results.

**An extensive recruitment process** began in April 2013 and eight artistic managers were introduced in August. These managers will be responsible for the areas of theatre (Eirik Stubø),



Tiotretton is a library specially designed for children between the ages of 10 and 13 – with a striking view over the square at Sergels Torg.

dance (Kenneth Kvarnström), music (Sarah Riedel and Nils Landgren), literature (Ingemar Fasth), art and design (Marianne Lindberg De Geer), and debates (Johan Wirfält), as well as for the operations of Stadsteatern Skärholmen and Parkteatern. Following a period of extensive work, a new website was launched in the autumn – less than one year after the formal decision was made. In December, the new joint programme for Kulturhuset Stadsteatern was introduced in a programme magazine, which was published as a supplement in Sweden's two morning papers.

**Stockholms Stadsteater AB** was established in 1960 as a municipal limited liability company and has been part of Stockholms Stadshus AB since 1990. The City Council appoints the company's Board of Directors, which in turn appoints the company's Managing Director. The theatre company was established in 1960 at Folkets Hus near Norra Bantorget and moved to Sergels Torg in 1990. Kulturhuset has been part of Stockholms Stadsteater AB since 1 July 2013, operating under the name Kulturhuset Stadsteatern.

Benny Fredriksson,  
Managing Director



**stockholms  
stadsteater**

### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	134	135	124	119	124
Operating profit, SEK million	-282	-218	-215	-210	-205
Profit after net financial items, SEK million	-286	-222	-219	-215	-210
Return on total assets,%	-83.9	-76.8	neg	neg	neg
Equity/assets ratio,%	0.5	0.9	0.7	0.8	1.4
Interest coverage ratio, multiple	neg	neg	neg	neg	neg
Balance sheet total, SEK million	380	292	287	274	277
Gross investments, SEK million	17	9	6	8	8
Depreciation, SEK million	-9	-8	-7	-8	-7
Average no. full-year employees	384	330	349	339	327



## Stockholm Business Region (SBR)

2013 was a successful year for the Stockholm region. Our ability to attract people and companies through steady financial growth, rapid population growth and critical new investments was strengthened.

**The creation of new businesses** in Stockholm remained one of our key success factors. The “ecosystem” in place for attracting more new companies to Stockholm is one of the main reasons that the City’s is increasingly described as one of the world’s most attractive start-up scenes. This innovative climate has manifested itself in many ways and the region’s various players adopted a shared action plan during the year known as

Innovationskraft Stockholm (Innovation Stockholm).

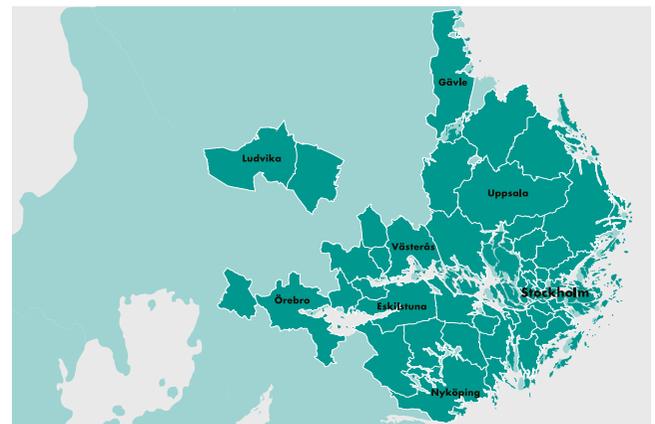
Music has always been an important part of Stockholm’s identity, which is why the opening of ABBA the Museum was such a significant event. Thousands of foreign tourists have travelled to Stockholm for the sole purpose of visiting the attraction. Another major event was the opening of the Tele2 Arena, which is a central feature of what will become Stockholm’s event district.

**Danderyd became** the 52nd municipality to join the Stockholm Business Alliance, SBR’s voluntary business federation in Greater Stockholm. The Stockholm region’s strong position in ICT and life sciences was clear during the first Digital Health Days conference, a unique event that attracted a large number of foreign participants. The aim of the

annual conference is to bring people together to explore the major potential that could be created by combining these industries.

**While most figures** are pointed in the right direction, from the number of residents and economic growth to commercial overnight stays, further challenges will be faced in the future. The lack of international connections from Arlanda Airport poses a major obstacle to growth, which is why several key players and representatives of the business community formed Connect Sweden, a collaborative initiative focused on creating the right conditions to attract more international airlines.

The shared identity adopted by the region and the City, “Stockholm – The Capital of Scandinavia”, has been an excellent tool for summarising the City’s position.



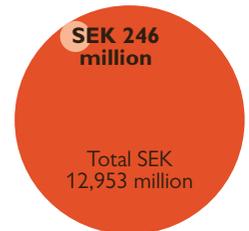
Stockholm Business Alliance.

**The goal** for the Stockholm Business Region Group is for Stockholm to develop into the leading sustainable growth region in Europe. Stockholm Business Region and its subsidiaries Stockholm Business Region Development and Stockholm Visitors Board have the task of developing and marketing Stockholm as an attractive city for businesses and visitors based on the joint brand “Stockholm – The Capital of Scandinavia”.

Olle Zetterberg,  
Managing Director

**Stockholm**  
Business Region

Company’s share of  
Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Operating income, SEK million	246	241	240	228	219
Operating profit, SEK million	0	-2	-3	-3	-2
Profit after net financial items, SEK million	2	1	0	1	1
Return on total assets,%	1.5	0.7	0.1	0.6	1.0
Equity/assets ratio,%	29.8	29.5	29.5	30.6	32.1
Interest coverage ratio, multiple	249.3	962.0	7.5	50.4	18.5
Balance sheet total, SEK million	153	147	144	139	130
Gross investments, SEK million	0	0	0	2	1
Depreciation, SEK million	0	-1	-1	-1	-1
Average no. full-year employees	74	73	76	79	72



## S:t Erik Försäkring

2013 was a year with a relatively high number of insurance claims. The total cost of claims for the company is estimated at slightly more than SEK 100 million, only SEK 8 million of which was attributable to the disturbances in the City's suburbs during the spring.

**2013 was a year** with a relatively high number of insurance claims. Since 2009, the City has to a large extent avoided any major claims, which has allowed S:t Erik Försäkring to report favourable financial results. However, this trend was broken in 2013. The total cost of claims for the company is estimated at slightly more than

SEK 100 million. The disturbances in the City's suburbs in May and June are assessed to have only cost the company approximately SEK 8 million and this amount comprised 24 claims. Instead, the City suffered a number of fires distributed evenly over the year, primarily in single-storey wooden buildings such as schools and cultural buildings.

**Prices in the reinsurance market** remained stable. This meant that S:t Erik Försäkring's reinsurance costs for 2013 were relatively unchanged compared with the preceding year.

Since mid-2013, S:t Erik

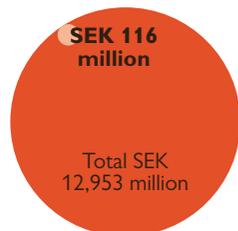
Försäkring has also provided the City's accident insurance for school children. During the most recent insurance procurement process, the City received only one tender at a price more than double those received in the past. Consequently, the City opted to insure itself through its own insurance company at a significantly lower cost.



PHOTO: ERIK BICRAWFORD

Eggebygård was set on fire in an arson attack on 12 June. The insurance claim is estimated at approximately SEK 8.5 million.

Company's share of Group turnover



### KEY RATIOS

	2013	2012	2011	2010	2009
Premium income, SEK million	116	104	108	112	122
Profit after net financial items, SEK million	0	38	33	21	21
Equity/assets ratio, %	32.3	32.6	36.4	38.5	29.2
Net asset value, SEK million	155.5	155.5	155.9	150.6	156.4
Balance sheet total, SEK million	328	326	291	275	363
Average no. full-year employees	6	4	6	6	6

**S:t Erik Försäkring** began operating in 1986. The company only insures administrations and companies owned by the City of Stockholm. S:t Erik Försäkring brings together the Group's entire non-life insurance needs in a joint insurance portfolio, which is then reinsured in the international reinsurance market. The company also assists customers with damage prevention.

Jan Willgård,  
Managing Director





## S:t Erik Livförsäkring

The performance of the assurance operations in 2013 exceeded the budget, partly due to a significant increase in value in the share portfolio. The company's solvency ratio on 31 December 2013 was 128%.

**2013 was a strong year** for S:t Erik Livförsäkring. The performance of the assurance operations surpassed the original budget. This favourable result was primarily attributable to a decline in the value of the company's combined pension commitments in relation to the company's assets portfolio due to rising bond interest rates. The company also experienced a significant increase in the value of its assets portfolio.

The financial situation in Europe calmed somewhat during the year. The fluctuations in the Swedish financial market were less severe than in the preceding year. Bond interest rates increased and the stock market reported rising prices.

**At year-end 2013**, 75% of the assets in the company were invested in Swedish bonds, 21% in shares and 4% is cash and cash equivalents. The company's solvency ratio, meaning the company's assets in relation to its combined pension commitment, was 128%.

**In 2013**, the company continued its work on creating a new busi-

ness system. This system is expected to be completed in the first half of 2014. During the year, the company continued adapting to the Solvency II Directive, which provides the new EU regulations for the insurance industry. Solvency II is extremely broad in scope and has already impacted the company's operations although the directive will not be formally introduced until 2016.



PHOTO: COLOURBOX

S:t Erik Livförsäkring insures the pension commitments for personnel within the Stockholms Stadshus AB Group.

**S:t Erik Livförsäkring** is a profit-making life assurance company that began operating in 2006. The company insures defined-benefit occupational pension commitments for personnel within the Stockholms Stadshus AB Group in accordance with the KAP-KL and PA-KFS plans. Since its foundation, the company has created clarity and order in the management of the Group's pension commitments and secured its future pension payments.

Jan Willgård,  
Managing Director



S:t Erik Liv

Company's share of  
Group turnover

SEK 86  
million

Total SEK  
12,953 million

### KEY RATIOS

	2013	2012	2011	2010	2009
Premium income, SEK million	86	74	92	62	832
Profit/loss after net financial items, SEK million	90	62	-166	54	286
Equity/assets ratio, %	22.3	18.0	15.7	26.5	25.0
Solvency ratio	980.7	122.0	119.2	138.0	134.2
Net asset value, SEK million	451.0	373.0	320.0	491.5	440.8
Balance sheet total, SEK million	2,019	2,074	2,035	1,855	1,766
Gross investments, SEK million	193	–	–	–	–
Average no. full-year employees	4	3	3	3	3



# ANNUAL REPORT



## ADMINISTRATION REPORT 2013

### Ownership

Stockholms Stadshus AB, Corp. Identity No. 556415-1727, is wholly owned by the City of Stockholm, Corp. Identity No. 212000-0142. The company functions as a holding company for the City's group of companies. The Group comprises 17 subsidiaries, which in turn are wholly owned by the parent company Stockholms Stadshus AB, with the exception of Stockholm Vatten AB, which is 98% owned, the remaining 2% being owned by Huddinge Municipality. In 2013 in accordance with a decision by the City Council, Stockholms Stadshus AB acquired the City's 50.4% shareholding in the company Mässfastigheter i Stockholm AB. The company is recognised as an associated company and the remaining share is owned by the Stockholm Chamber of Commerce. The Group companies' operations are largely conducted within the City of Stockholm. The Group is part of and consolidated in the City of Stockholm Municipal Group, which is reported in the City of Stockholm's Annual Report.

### The companies' operations

The subsidiaries operate in several areas for the benefit of the municipality's citizens. The operations encompass three municipal housing companies: AB Svenska Bostäder, AB Stockholmshem and AB Familjebostäder; one school property company: Skolfastigheter i Stockholm AB (SISAB); one care provision property company: Micasa Fastigheter i Stockholm AB; and one property development company: S:t Erik Markutveckling AB.

Furthermore, there is a property company that owns and manages the event arenas in the Globen area: Stockholm Globe Arena Fastigheter (SGA Fastigheter). The primary tasks of the property companies include owning, managing, letting and building housing and commercial premises in Stockholm. In addition, Bostadsförmedlingen i Stockholm AB allocates apartments.

Companies operating in the field of infrastructure are Stockholm Vatten AB, Stockholm Parkerings AB, Stockholms Hamn AB and AB Stokab. In addition, there are companies involved with events and culture, and in marketing Stockholm, such as Stockholms Stadsteater AB and Stockholm Business Region AB. Stockholm Stadshus AB has two insurance companies operating within the Group: S:t Erik Försäkring AB for non-life insurance and S:t Erik Livförsäkring AB to insure the Group's pension commitments.

### Group operations and profit

Profit for the year after net financial items for the Group amounted to SEK 1,341 (3,006) million. The positive profit in recent years is primarily attributable to non-recurring items in the form of capital gains, mainly from the sale of properties. Profit includes capital gains from sales during the year totalling SEK 1,103 (2,827) million net, and the reversal of impairment of SEK 11 (64) million, net.

The capital gains, totalling SEK 1,103 million, were mainly generated by the housing companies' sales of properties to tenant-owner associations. Other

companies reported capital gains of SEK 13 million, of which SISAB accounted for SEK 7 million arising in conjunction with the sale of a property. Capital losses for the year amounts to SEK 13 million. SGA Fastigheter recorded the largest capital loss, totalling SEK -9 million, which arose in conjunction with the disposal of a building.

Impairment losses for the year was attributable to certain new construction and refurbishment projects in Micasa Fastigheter and amounted to SEK -3 (-14) million. In addition, there was a reversal of previously recognised impairment by Stockholmshem and SISAB amounting to SEK 14 (78) million.

The Group's operating income amounts to SEK 12,953 (12,499) million, which was slightly higher than in the preceding year. SISAB accounted for the largest increase of approximately SEK 300 million. The increase was a result of the new rental agreement with the City of Stockholm, which has been in effect since 2013. S:t Erik Markutveckling also reported an increase in income of SEK 100 million due to the acquisition of new office properties. Operating expenses increased by SEK 1,926 million, primarily as a result of a decrease in profit from the sale of non-current assets compared with 2012. Profit from the sale of non-current assets is recognised as a single net item under expenses in the income statement. Costs for depreciation according to plan were SEK 151 (174) million higher than in the preceding year as a result of the companies' high levels of investment.

Group net financial items

decreased by SEK -75 (-83) million during the year. Interest expenses increased by SEK -76 (-28) million, while interest income remained largely unchanged at 1 (-55) million. The increase in interest expenses is a result of the companies' high investment volume.

The Group's tax expense amounted to SEK 288 (500) million. The tax expense is below the level of the preceding year due to lower capital gains. The decision by the Riksdag to lower the tax rate from 26.3% to 22% as of 2013 also contributed to the lower tax expense.

Profit for the year for the Group amounted to SEK 1,050 (2,503) million.

### Investments

The investment volume amounts to SEK 8,111 (9,419) million. Of the Group's combined investment level in 2013, SEK 2,251 (2,192) million comprised initiatives taken by the City's companies within the framework of Stimulans för Stockholm.

Investments during the year mainly comprise new housing production in the housing companies and the extensive improvement programme being carried out by all of the property companies.

During the year, the housing companies commenced work on 1,170 new apartments.

SGA Fastigheter was responsible for the Group's single largest project during the year, the construction of the Tele2 Arena. Investment expenditure amounted to SEK 896 million. Micasa Fastigheter and SISAB jointly invested SEK 1,162



million in new construction, refurbishment and maintenance measures in schools, child care premises and housing for the elderly. During the year, SISAB completed Lugnet School in Hammarby sjöstad. The construction of Mariehäll School is in progress. Micasa Fastigheter completed reconstruction and improvements on a number of properties in Dalen, Enskede, the Rio housing for the elderly on Gärdet and Tunet sheltered housing in Vällingby.

Stockholm Vatten made investments of over SEK 550 million primarily in pipe networks and development projects.

During the year, Stockholms Hamnar continued the reconstruction of Värtahamnen.

### Financial position

Equity amounted to SEK 47,919 (48,769) million at year-end. The equity/ assets ratio was 55% (60%).

### Parent company

Profit after financial items amounted to SEK 3,647 (1,576) million for the parent company. Profit included dividends of SEK 3,372 (1,310) million. There was a SEK 4 million improvement in the net financial items in the parent company compared with the preceding year due to higher interest income.

Net profit for the year after tax amounted to SEK 3,373 (1,337) million.

### Personnel

The average number of full-year employees (contracted time) in the Group amounted to 2,392 (2,307) during the year, of whom

1,410 (1,399) were men and 982 (908) were women. The number of employees in the parent company totalled six (five), of whom two were men and four were women.

### Stimulans för Stockholm

Through Stimulans för Stockholm, the City's companies play a central role in the programme to stabilise Stockholm's economic development and labour market. In spring 2009, the City Council adopted the Stimulans för Stockholm programme and, since then, extensive measures have been implemented by the six companies involved: the housing companies, Micasa Fastigheter, SISAB and Stockholms Stads Parkering. The initiative reached its conclusion in 2013 in terms of improvements to the existing property portfolio. However, investments in new production that were brought forward will continue in 2014.

Between 2009 and 2013, the Group's property companies in particular carried out significant initiatives in the form of increased housing construction and bringing forward improvement projects in the City's Million Programme areas, schools and housing for the elderly. These investments amounted to SEK 14.5 billion over the entire five-year period.

In 2013, the City's companies carried out measures valued at SEK 3,067 million. The investments, including new production of apartments and improvement measures, amounted to SEK 2,251 million. Other improvement measures and energy optimisation projects were recognised in income and total SEK 816 million.

Measures carried out in the companies' property portfolios are expected to generate improved net operating income and environmental benefits. The goal is to reduce the City's costs and generate value growth over the long term.

### Events during the year

Svenska Bostäder, Familjebostäder and Stockholmshem have been tasked with ensuring that tenants, in a number of areas in the outer districts, can acquire their apartments by forming tenant-owner associations and buying their properties. During the year, about 1,250 tenants purchased their apartments.

A review has been performed of the housing companies' property portfolios aimed at achieving a more regionalised allocation of the portfolios. Accordingly, the City Council took a decision during the year on the reorganisation of the housing companies. At the time of the decision, it emerged that a new ruling issued by the Supreme Administrative Court could give way to a parallel interpretation and thus tax implications for the City in conjunction with the reorganisation. An advance ruling was requested from the Swedish Board of Advance Tax Rulings during the year.

The Swedish Board of Advance Tax Rulings' decision entails that the reorganisation, from a fiscal standpoint, would be viewed as an exchange, thus triggering tax on the surplus values in the transferred properties. It is therefore proposed that, in conjunction with the adoption of the 2013 Annual Report, the

planned reallocation of just over 10,700 apartments between the three housing companies not be implemented under current circumstances. The reason is that the tax implications would give rise to a cost that would defeat the purpose of the reallocation.

Through the housing companies, the City intends to appeal the ruling to get the issue of principle considered, meaning whether the owner has the opportunity to, in the future, influence the management of the Group's properties by way of reorganisations without the corresponding tax implications.

In 2013, new legislative requirements in the Swedish Local Government Act and the permanent inclusion of the Teckal-exemption in the Swedish Public Procurement Act required a revision of the City's standard Articles of Association, with the subsequent changes for the respective companies. The City Executive Board's supervisory duty under the Local Government Act was expanded and strengthened. This means that the City Executive Board must determine, on an annual basis, whether the City's companies have conducted their respective operations in accordance with their established municipal purpose and within the framework of their municipal powers of authority. On account of the new legislative requirements, additions were made to the Articles of Association to include the municipal powers of authority and to more clearly define the supervisory duty. Furthermore, clarifications were made as a result of the above-mentioned exception in the Swedish Public



Procurement Act.

In cooperation with the subsidiaries concerned, Stockholms Stadshus AB carried out a joint project focusing on the implementation of the new K3 accounting regulations, which will take effect in 2014. The new regulations stipulate, for example, that component depreciation is to be applied, which will result in greater differentiation of depreciation periods.

### Group Board of Directors

The members of the Board of Directors are elected by the City Council. The Board's permanent members comprise three women and six men. There are six female and three male deputy members.

During the year, the Group Board of Directors followed up the financial development, the companies' financial position and the companies' work regarding owner directives in the budget and four-month reports. The Group Board also received continuous reports and analyses regarding major projects.

At the beginning of 2013, the Group Board approved the transfer of Kulturhuset's operations to a joint organisation within Stockholms Stadsteater AB.

During the year, the Group Board approved several orientational and implementation decisions concerning the production of new apartments by the three housing companies. This included the new production of the Golvläggaren and Syllen blocks in Årstadal, the Björnlandet block in Norra Djurgårdsstaden, Rosenlundsparken in Södermalm and the conversion of the Vallgossen block on Kungsholmen into student

accommodation. The acquisition of the Instrumentet 5 property in Örnberg was approved.

The Group Board approved the reconstruction and expansion of the port in Kapellskär by Stockholm Hamnar. The Group Board also approved SISAB's reconstruction and expansion of Fridhem School.

During the autumn, the Group Board made an orientational decision on two major infrastructure projects. One of these related to Stockholm Vatten and the planning for future wastewater treatment in the Western region of the City. The second concerned planning by Stockholm Parkering of a new parking facility in Hagastaden.

The Group Board also approved the acquisition by S:t Erik Markutveckling of three site leaseholds: Styckmästaren 3 and Hjälpslaktaren 9 in the Slakthuset area and Dikesrenen 18 in Västberga.

The City Council subsequently made a decision in 2013 and early 2014 regarding all of the projects.

### Environmental report and environmental profile areas

On the basis of the City's 2012–2015 environmental programme, the companies have drawn up their own environmental management plans describing the environmental impact of their own operations and their measures for goal attainment.

Several of the housing companies and Stockholms Hamnar have chosen to certify their environmental work.

Stockholms Hamnar conducts operations that require permits under the Swedish Environmental

Code. The permit requirements concern the part of the Group's operations that comprise ports and loading and unloading quays that admit shipping traffic.

Stockholm Vatten's operations are dependent on activities subject to permit requirements that are conducted at plants, and the permits that restrict the use and control of untreated water. The company's environmental impact encompasses its impact on water in the Stockholm area, Lake Mälaren and the archipelago.

The City Council has decided that the City's technical administrations and companies are to collaborate on a number of environmental profile areas. All of the housing companies and some infrastructure companies are taking part in this work. The main aim of this activity is to reduce energy consumption and to proprietarily generate a certain amount of the heat and electricity used.

### Future development

The production of new housing remains a priority. During the year, the City Council raised the level of ambition, and the aim is to build a further 40,000 new homes by 2030, bringing the total to 140,000. Work on the proactive management of the property portfolio will continue. During the year, the City Council made a decision on a number of housing production projects that will increase the production of new apartments by the City's housing companies. The housing companies are working hard to introduce new housing projects. Together, the companies are involved in projects encompassing

approximately 7,800 apartments.

Work pertaining to conversions to tenant-owner housing will continue in 2014, although registrations of interest have declined gradually.

In its budget for 2014, the City Council has decided that the issue of coordinating and streamlining the City's waste management into a corporate form together with Stockholm Vatten AB will be investigated. A proposal for the coordination of waste management by Stockholm Vatten has been developed together with the relevant administrations and companies. A decision by the City Council is expected in spring 2014.

Stockholm Vatten has analysed the future situation regarding wastewater treatment in the western region of Stockholm on the basis of the City's anticipated needs and requirements in 2040. The investigation revealed that, on the basis of a number of considerations, the Bromma treatment plant should be closed and the wastewater be rerouted to the Henriksdal treatment plant. The Henriksdal plant will subsequently be adapted to accommodate the increased flow and higher treatment capacity. The closure of the Bromma plant will enable the production of new housing.

The investment expenditure is estimated at SEK 6 billion and an implementation decision will be put before the City Council for approval during 2014.

The development of the Globen area will continue with the completion of the Tele2 Arena and work will proceed on the development and building of the development rights that will



partially finance the new arena. An agreement of intent has been signed with IKEA/Ikano regarding establishment in the area. Part of the development of the area is the acquisition carried out by S:t Erik Markutveckling in 2013.

Other major projects include Stockholm Hamnar's expansion of the Värta Pier and the modernisation of port in Kapellskär.

The construction of a new port in Norvik, on which the City Council has made a decision has been put on hold pending the ongoing examination of the terms and conditions in the Land and Environment Court.

In late 2012, the Riksdag decided on further restrictions to deductions for intra-Group interest payments. In light of these new regulations, the City of Stockholm is engaging in dialogue with the Swedish Tax Agency regarding whether interest expenses on loans from the City of Stockholm are tax deductible. In the annual accounts at 31 December 2013, interest expenses were deemed to be fully tax deductible.

#### **Financial risks**

The City of Stockholm's Finance Department is responsible for the financial operations of the Municipal Group. The Municipal Group's borrowing requirements are satisfied by way of a centralised process. All external loan financing and placement is managed centrally by the Finance Department and, instead of loans, companies have a limit in the City's Group account system. The Municipal Group's finance policy sets out goals and guidelines for financing operations within the

Municipal Group. This means that the Finance Department is responsible for the companies' interest rate risk in line with the established policy and the companies, in turn, are responsible for their investment decisions and capital structure. The policy also identifies the financial risks to which the Municipal Group is exposed, and how they should be managed. The risks are monitored continuously by a risk control function.

The City of Stockholm Municipal Group continues to have a strong financial position and a very high credit rating. The Group contributes to this position to a high degree. The Group's total loan portfolio amounted to SEK 43,754 million, gross, at year-end, an increase of just over SEK 7,130 million compared with the preceding year. The increase is due to a high investment volume.

The credit rating is updated continuously by Standard & Poor's, and the City of Stockholm has the highest possible rating for short and long-term borrowing, A-1+ and AAA, respectively.

At year-end, the average period of fixed interest for the Municipal Group's external short-term debt portfolio was 1.9 (1.9) years. The target for the Municipal Group and the Group is 2.5 years with a permissible deviation interval of +/- 1 year. The Municipal Group has strong finances and interest expenses make up a relatively minor portion of total costs.

#### **Risk management**

The City of Stockholm conducts systematic work to gain an

overall view and co-ordination of the City's operations based on a risk and vulnerability perspective. All companies carry out their own risk and vulnerability analyses each year based on their operations. These analyses are compiled and an overall analysis is subsequently performed for the City as a whole.

The Group Management conducts continuous inspections regarding confidence risks within the companies. These inspections highlight any risks regarding such aspects as policy work, internal control, finances, purchasing/procurement, letting, projects/maintenance, security, personnel, entertainment, benefits, media and communication, and IT. Each area is commented on and proposals for improved control and/or risk management measures are presented.

#### **Appropriation of profit**

Last year, the Annual General Meeting proposed a dividend of SEK 900 million to the City of Stockholm. The dividend was preliminary and a final decision on the dividend was taken by the City Council in connection with the second four-month report. This means that the City can waive or restrict the dividend if the economic situation allows. In 2013, the City Council decided that no dividend should be paid during the year.

In 2013, the City Council decided on an extra dividend from the municipal housing companies on the basis of the annual accounts for 2012, in accordance with Sections 4 and 5:1 of the Swedish Municipal Housing Companies Act. The

extra dividend amounted to SEK 3,350 million. In accordance with the City Council's decision, SEK 1,900 million was reserved for projects and measures promoting integration and housing production pursuant to section 5:1 of the Swedish Municipal Housing Companies Act. The extra dividend is currently subject to an assessment of legality by the Administrative Court. The extra dividend decided on by the City Council in 2012 on the basis of the annual accounts for 2011 was approved by the Administrative Court and Administrative Court of Appeal, but is now subject to a review permit by the Supreme Administrative Court.

According to the County Administrative Board, which along with the National Board of Housing, Building and Planning is responsible for supervising the municipal housing companies' value transfers, the dividends decided on by the City are correct.

The dividend proposal is presented on page 70. The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 1,000 million. Total non-restricted equity in the parent company amounts to SEK 16,852 million.



## INCOME STATEMENT

SEK million	Note	Group		Parent company	
		2013	2012	2013	2012
<b>Operating income</b>	1				
Net sales		12,280.1	11,849.6		
Work performed by the company for its own use and capitalised		80.0	79.1		
Other operating income		592.9	570.0	32.1	34.8
<i>Total operating income</i>		12,953.0	12,498.7	32.1	34.8
<b>Operating expenses</b>					
Raw materials and consumables		-314.1	-324.4		
Other external costs	2	-7,289.5	-7,341.4	-48.9	-59.6
Personnel costs	3	-1,740.4	-1,679.8	-14.1	-11.1
Depreciation/amortisation	4	-2,558.1	-2,407.1	-0.2	-0.2
Impairment losses	5	11.0	64.0		
Profit from sale of non-current assets		1,103.1	2,827.0		
<i>Total operating costs</i>		-10,788.0	-8,861.7	-63.2	-70.9
<b>Operating profit</b>		<b>2,165.0</b>	<b>3,637.0</b>	<b>-31.1</b>	<b>-36.1</b>
Profit from participations in associated companies		-12.1	0.6		
Profit from participations in Group companies	6			3,372.0	1,309.9
Profit/loss from other securities		-37.5	68.9		
Interest income and similar profit/loss items	7	329.2	328.1	306.2	302.1
Interest expense and similar profit/loss items		-1,103.9	-1,028.2		
<b>Profit after financial items</b>		<b>1,340.7</b>	<b>3,006.4</b>	<b>3,647.1</b>	<b>1,575.9</b>
Appropriations				-273.5	-229.1
Tax on profit for the year	8	-287.5	-499.7	-0.2	-9.5
Minority share in profit for the year		-2.9	-3.4		
<b>Net profit for the year</b>		<b>1,050.3</b>	<b>2,503.3</b>	<b>3,373.4</b>	<b>1,337.3</b>



## BALANCE SHEETS

SEK million	Note	Group		Parent company	
		31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	9	73.0	85.4		
<i>Property, plant and equipment</i>					
Buildings and land	10	65,175.1	61,945.2		
Plant and machinery	11	5,502.7	5,391.6		
Equipment	12	519.8	556.3	0.8	1.0
Construction in progress	13	11,143.5	9,623.9		
<i>Total property, plant and equipment</i>		82,341.1	77,517.0	0.8	1.0
<i>Financial assets</i>					
Participations in Group companies	14			6,572.7	6,572.7
Receivables from the City of Stockholm		180.0	150.0		
Receivables from associated companies		1.0	2.0		
Participations in associated companies	15	20.8	5.2	28.0	
Other securities held as non-current assets	16	1,954.9	2,003.0		
Deferred tax asset	8	250.8	247.4		
Other long-term receivables		234.6	46.3		
<i>Total financial assets</i>		2,642.1	2,453.9	6,600.7	6,572.7
<b>Total non-current assets</b>		<b>85,056.2</b>	<b>80,056.3</b>	<b>6,601.5</b>	<b>6,573.7</b>
<b>Current assets</b>					
<i>Inventories, etc</i>					
Raw materials and consumables		38.5	37.2		
<i>Total inventories, etc.</i>		38.5	37.2	0.0	0.0
<i>Current receivables</i>					
Accounts receivable – trade		470.8	457.9	18.4	2.2
Receivables from the City of Stockholm		277.4	254.9	13,848.7	12,372.3
Receivables from subsidiaries				209.9	194.7
Receivables from associated companies		1.0	1.0		
Tax assets	8	461.9	204.6	110.3	110.3
Other receivables		276.8	358.2	0.3	35.4
Prepaid expenses and accrued income	17	402.8	381.5	0.2	0.8
<i>Total receivables</i>		1,890.7	1,658.1	14,187.7	12,715.7
<i>Other investments in securities, etc.</i>		200.0			
<i>Cash and cash equivalents</i>					
Cash and bank balances		10.0	4.3		
<i>Total cash and cash equivalents</i>		10.0	4.3		
<b>Total current assets</b>		<b>2,139.2</b>	<b>1,699.6</b>	<b>14,187.7</b>	<b>12,715.7</b>
<b>Total assets</b>		<b>87,195.4</b>	<b>81,755.9</b>	<b>20,789.2</b>	<b>19,289.4</b>



## BALANCE SHEETS

SEK million	Note	Group		Parent company	
		31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 13
<b>EQUITY AND LIABILITIES</b>					
<i>Restricted equity</i>					
Share capital, 2,850,000 shares		2,850.0	2,850.0	2,850.0	2,850.0
Restricted reserves		6,163.6	6,495.5	570.0	570.0
<i>Total restricted equity</i>		9,013.6	9,345.5	3,420.0	3,420.0
<i>Non-restricted equity</i>					
Profit brought forward		37,855.5	36,920.4	13,479.3	14,042.0
Net profit for the year		1,050.3	2,503.3	3,373.4	1,337.3
<i>Total non-restricted equity</i>		38,905.8	39,423.7	16,852.7	15,379.3
<b>Total equity</b>		<b>47,919.4</b>	<b>48,769.2</b>	<b>20,272.7</b>	<b>18,799.3</b>
<b>Minority interest</b>		27.7	24.9		
<i>Provisions</i>					
Provisions for pensions	18	36.8	34.8	6.8	3.4
Provisions for pensions, S:t Erik Livförsäkring		1,566.7	1,699.4		
Deferred taxes	8	1,766.9	1,827.1		
Other provisions		97.5	4.8		
<i>Total provisions</i>		3,467.9	3,566.1	6.8	3.4
<i>Non-current liabilities</i>					
Other non-current liabilities		15.1	15.2		
<i>Total non-current liabilities</i>	19	15.1	15.2	0.0	0.0
<i>Current liabilities</i>					
Accounts payable		1,744.2	1,982.0	4.3	4.8
Advance payments from customers		6.7	0.4		0.0
Liabilities to Group companies				492.3	458.9
Liabilities to the City of Stockholm		30,718.4	24,888.6	7.3	10.1
Current tax liabilities	8	144.8	49.4	0.2	9.5
Other current liabilities		638.8	513.7	2.5	0.4
Accrued expenses and deferred income	20	2,512.4	1,946.4	3.1	3.0
<i>Total current liabilities</i>		35,765.3	29,380.5	509.7	486.7
<b>Total provisions and liabilities</b>		<b>39,248.3</b>	<b>32,961.8</b>	<b>516.5</b>	<b>490.1</b>
<b>Total equity and liabilities</b>		<b>87,195.4</b>	<b>81,755.9</b>	<b>20,789.2</b>	<b>19,289.4</b>
<b>Memorandum items</b>					
<i>Pledged assets</i>					
Contingent liabilities	21	82.9	84.5	inga	3.0



## EQUITY

SEK million	Share capital	Equity method reserve	Other restricted reserves	Non-restricted equity	Net profit for the year	Total equity
<b>GROUP</b>						
<i>Closing balance 31 December 2011</i>	2,850.0	6.5	6,214.1	37,223.0	642.2	46,935.8
Allocation of profit				642.2	-642.2	0.0
Dividend				-670.0		-670.0
Transfer between restricted and non-restricted equity		-3.4	278.3	-274.8		0.0
Net profit for the year					2,503.3	2,503.3
<i>Closing balance 31 December 2012</i>	2,850.0	3.1	6,492.4	36,920.4	2,503.3	48,769.2
Allocation of profit				2,503.3	-2,503.3	0.0
Dividend				-1,900.0		-1,900.0
Transfer between restricted and non-restricted equity		18.3	-350.1	331.8		0.0
Net profit for the year					1,050.3	1,050.3
<i>Closing balance 31 December 2013</i>	2,850.0	21.3	6,142.3	37,855.5	1,050.3	47,919.4
<b>PARENT COMPANY</b>						
<i>Closing balance 31 December 2011</i>	2,850.0	0.0	570.0	14,555.5	156.6	18,132.1
Allocation of profit				156.6	-156.6	0.0
Dividend				-670.0		-670.0
Net profit for the year					1,337.3	1,337.3
<i>Closing balance 31 December 2012</i>	2,850.0	0.0	570.0	14,042.0	1,337.3	18,799.3
Allocation of profit				1,337.3	-1,337.3	0.0
Dividend				-1,900.0		-1,900.0
Net profit for the year					3,373.4	3,373.4
<i>Closing balance 31 December 2013</i>	2,850.0	0.0	570.0	13,479.3	3,373.4	20,272.7

The share capital consists of 2,850,000 shares



## CASH FLOW STATEMENTS

SEK million	Note	Group		Parent company	
		2013	2012	2013	2012
<b>Operating activities</b>					
Profit after net financial items		1,340.7	3,006.4	3,647.1	1,575.9
Adjustment for non-cash items	22	2,526.7	2,346.3	3.6	15.8
Net loss from sale of non-current assets		-1,103.2	-2,827.0		
Income tax paid		-513.0	9.2	-9.5	-3.6
<i>Cash flow from operating activities before change in working capital</i>		2,599.4	2,534.9	3,641.2	1,588.1
Change in inventories and work in progress		-1.3	1.0		
Change in current receivables		27.7	-152.9	3.4	129.4
Change in current liabilities		257.0	266.6	-12.1	-109.3
<i>Cash flow from operating activities</i>		3,193.6	2,649.6	3,632.5	1,608.2
<i>Investing activities</i>					
Acquisition of intangible assets		-4.8	-6.4		
Acquisition of financial assets		-208.8	-241.3	-28.0	
Investments in securities, etc.		200.0			
Acquisition of properties	23	-371.6	-2,301.7		
Investment in constructions in progress		-7,460.2	-6,844.7		
Acquisition of other property, plant and equipment		-38.5	-25.1		-0.5
Payments received from the sale of non-current assets		1,960.0	4,600.4		
<i>Cash flow from investing activities</i>		-6,982.9	-4,818.8	-28.0	-0.5
<i>Financing activities</i>					
Change in long-term receivables		-19.0	-23.9		
Repayment of debt		-0.2	-0.7		
Group contribution				-229.1	-334.9
Dividend paid		-1,900.0	-670.0	-1,900.0	-670.0
<i>Cash flow from financing activities</i>		-1,919.2	-694.6	-2,129.1	-1,004.9
<b>Cash flow for the year</b>		<b>-5,708.5</b>	<b>-2,863.8</b>	<b>1,475.4</b>	<b>602.8</b>
<i>Cash and cash equivalents at beginning of year</i>		-23,902.9	-21,039.1	12,372.3	11,769.5
<i>Cash and cash equivalents at year-end</i>		-29,611.4	-23,902.9	13,847.7	12,372.3
The cash flow statement includes cash and cash equivalents in the City's Group account. The total in the Group account is included in current receivables/liabilities in the City of Stockholm and amounts to:		29,621.4	-23,908.1	13,847.7	12,372.3



## ACCOUNTING POLICIES

Stockholms Stadshus AB's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act, general advice issued by the Swedish Accounting Standards Board as well as the following recommendations and statements issued by the Swedish Financial Reporting Board: RR1 Consolidated accounts, RR7 Cash flows, RR15 Intangible assets and RR24 Investment properties.

### Consolidated financial statements

The consolidated financial statements include subsidiaries in which Stockholms Stadshus AB, directly or indirectly, holds more than 50% of the votes or has a controlling influence in some other manner.

The consolidated financial statements have been prepared in accordance with acquisition accounting, whereby the subsidiaries' equity at the time of the acquisition, determined as the difference between the fair value of assets and liabilities, is eliminated in its entirety. Accordingly, Group equity only includes the portion of the subsidiaries' equity that arose after the acquisition.

If the consolidated cost of the shares exceeds the value of the company's net assets according to the acquisition analysis, the difference is recognised as goodwill on consolidation. However, if the consolidated cost of the shares is less than the value of the company's net assets according to the acquisition analysis, the difference

is deducted from the non-monetary assets of the acquired company. If the entire difference is not eliminated through a reduction in non-monetary assets, the remaining amount is recognised under other provisions as negative consolidated goodwill. The provision is released on the basis of the forecast earnings trend.

Companies acquired during the year are included in the consolidated financial statements in the amount relating to the period after the acquisition.

The minority share in profit for the year is recognised in the consolidated income statement. The minority share in subsidiaries' capital is recognised as a separate item in the consolidated balance sheet.

The parent company applies the same accounting policies as the Group.

### Group contributions

As of 2012, Group contributions received and made are recognised as appropriations in the income statement.

### Recognition of associated companies

Companies that are not subsidiaries, but in which Stockholms Stadshus AB, directly or indirectly, holds at least 20% of the votes for all participations, are considered associated companies.

Participations in associated companies are recognised in the consolidated financial statements in accordance with the equity method. Participations in asso-

ciated companies are recognised at cost, with adjustment for the Group's share of changes in the associated company's net assets, including goodwill (after deductions for accumulated amortisation). The Group's share of the associated company's profit is recognised in the consolidated income statement. Undistributed accumulated profit shares attributable to associated companies are recognised in the consolidated balance sheet as an equity method reserve under restricted reserves. Unrealised intra-Group profits are eliminated against the share of profits relating to the Group.

### Income

Sales of goods and services are recognised on delivery of the product or service to the customer, in accordance with the sales terms. Rental income is recognised in the period to which it relates. Income is reported net after VAT and discounts. Intra-Group sales are eliminated in the consolidated financial statements.

The Group does not report by line of business, since the Group's parent company is owned by the City of Stockholm.

Intra-Group sales are conducted at normal prices.

### Government assistance

Stockholms Stadsteater AB receives government assistance in the form of an annual operational subsidy paid to all institutional theatres in accordance with an official document issued by the government to the Swed-

ish Arts Council. The subsidy is paid quarterly in advance and the company distributes it so that it is recognised as income per month.

The housing companies are entitled to investment subsidies for certain new production in accordance with prior regulations.

*For further information, see the Annual Report of the respective subsidiary.*

### Borrowing costs

Borrowing costs are recognised in the period to which they are attributable. All new loans are handled by the City of Stockholm's Finance Department, and each company has a limit in the City's Group account system.

### Income taxes

Recognised income taxes include tax to be paid or received relating to the current year, with adjustments for current taxes relating to previous years, changes in deferred tax and participations in the tax of associated companies.

All tax liabilities/assets are measured at nominal amounts in accordance with the tax regulations and rates which have been established or have been announced and are very likely to take effect.

Tax effects from items recognised in the income statement are reported in the income statement. Tax effects from items recognised directly against equity are recognised against equity. Deferred tax is calculated on all temporary differences arising from carry-forward amounts and tax bases of



assets and liabilities. Temporary differences have primarily arisen due to the fact that the depreciation of properties is carried out at different amounts in the accounts than those permissible for tax purposes.

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent it is likely that the deduction can be settled against a future taxation surplus. Deferred tax liabilities relating to temporary differences in investments in subsidiaries and associated companies are not recognised in the consolidated financial statements since the parent company can always control the date for reversing the temporary differences, and it is not deemed likely that such a reversal will be made in the foreseeable future.

The deferred tax liability for untaxed reserves is recognised in the parent company as part of the untaxed reserves.

#### Financial assets

All securities are placed with the City of Stockholm's Finance Department in accordance with the finance policy approved by the City Council for the entire Municipal Group. The Board of Stockholms Stadshus AB adopts a finance policy for the Group each year, which is subsequently adopted by all of the companies in the Group. Financial assets are not subject to financial interest risks.

#### Receivables

Receivables are individually assessed and recognised at the amount expected to be paid.

#### Inventories

Inventories are measured at the lower of cost and fair value on the balance sheet date applying

the first-in/first-out principle.

#### Non-current assets

Property, plant and equipment and intangible assets are systematically depreciated/amortised over the asset's useful life. Linear depreciation/amortisation is the method used for all types of assets. The following depreciation/amortisation periods apply:

Capitalised development expenditure	3–5 years
Leaseholds	50 years
Office buildings	50 years
Industrial buildings	3–50 years
Plant and machinery	3–50 years
Equipment, tools, fixtures and fittings	5 years

Properties not used by Group companies, and which are held for long-term leasing, are classified as buildings held for investment purposes in the consolidated financial statements.

Impairment is carried out per non-current asset/cash-generating unit if the fair value is less than the carrying amount. Fair value is based on external valuation or value in use, depending on the type of asset. For further information, see the Annual Report of the respective subsidiary.

#### Research and development

Research and development costs are usually expensed as they occur. In the Group, some major development projects, primarily in the field of IT, are considered of significant value to the company in years to come and have been capitalised in the balance sheet under "Capitalised development expenditure".

#### Lease agreements

The Stockholms Stadshus AB Group has no financial lease agreements. Operational lease agreements are viewed as rents.

#### Pensions and provisions

The majority of the companies in the Stockholms Stadshus AB Group have their pension commitments insured with S:t Erik Livförsäkring, which is tasked with co-ordinating and structuring the management of pensions in the Corporate Group. The agreements insured are KAP-KL (formerly PFA), PA-KFS and PA-KL.

The commitments insured by S:t Erik Livförsäkring are recognised under "Provisions for pensions".

In addition, individual Group companies may recognise separate pension commitments in accordance with the Act on Safeguarding of Pension Commitments (1967:531). These provisions refer in particular to pension commitments that have not been insured, such as collective agreement occupational pensions.

Consequently, the Group's pension provisions are divided into two items under provisions.

#### Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The recognised cash flow only includes transactions that involve payments received or made.

In addition to cash and bank balances, the term cash and cash equivalents includes balances at the Finance Department of the City of Stockholm Municipal Group. All cash and cash equivalents can be used on behalf of the Group.

#### Transparency Directive

The Swedish Act on Transparency for Certain Financial Obligations, etc. came into force on 1 January 2006. The act places certain demands on accounting in publicly owned companies

through requirements for open, separate accounting. The aim of the act is to implement the European Commission's Directive – the Transparency Directive – in Swedish law to counteract unfair competition.

The subsidiaries within the Group deemed to be encompassed by the Directive are Stockholms Hamnar, Stokab and Stockholm Parkering. These companies submit information in connection with their respective Annual Reports.

#### Other disclosures

Other assets, provisions and liabilities have been measured at cost unless otherwise specified.

Income from the sale of properties shall normally be recognised on the date of occupancy. Expenditure associated with the sale shall be calculated and recognised on the same date. Previously, sales transactions were attributed to the financial year in which the sales agreement was reached.



## NOTES

The vast majority of the Group's operations are conducted in the Stockholm area. The Group overview on page 28 shows the trend of certain key ratios, followed by key ratios and information on the subsidiaries' operations.

### NOTE 1 OPERATING INCOME

SEK million	Group		Parent company	
	2013	2012	2013	2012
Rents and lease income	9,111.5	8,735.0		
Invoiced sales	3,088.5	3,039.8	32.1	34.8
Fees	80.2	74.8		
Government subsidy	51.3	51.9		
Work performed by the company for its own use and capitalised	80.0	79.1		
Other operating income	541.5	518.1		
<b>Total operating income</b>	<b>12,953.0</b>	<b>12,498.7</b>	<b>32.1</b>	<b>34.8</b>
of which sales to the City of Stockholm	3,039.7	2,710.1	1.7	0.7
of which sales to Group companies			28.1	27.6

Of the companies' total sales, the property companies account for 70%, mainly in the form of rental and lease income. In 2013, rental income increased by SEK 379 million. SISAB accounted for the largest increase, reporting a rise of SEK 300 million. The increase was a result of the company's new framework agreement with the City of Stockholm, which has been in effect since 2013.

Invoiced sales increased compared with the preceding year. Stokab, Stockholms Hamnar and Stockholm Parkering accounted for the increase in sales income. S:t Erik Markutveckling also increased income as a result of the acquisition of new properties.

Stockholms Stadsteater receives a government subsidy for its operations.

Of other operating income, SEK 105 (75) million is attributable to SISAB. The amount comprises insurance compensation of SEK 23 (17) million, as well as remuneration from the City of Stockholm for specific work such as operational adaptations to premises and ventilation work, etc. totalling SEK 82 (58) million.

Stockholm Business Region's other operating income amounts to SEK 133 (130) million, of which SEK 110 (107) million consists of remuneration from the City. The remaining income relates to external partners.

Stockholm Vatten's other operating income amounts to SEK 147 (146) million. The largest items refer to income for special works, the sale of heat from wastewater to the Hammarby plant and remuneration for handling industrial waste.

The housing companies' other income totalled SEK 127 (118) million. A large portion of these services comprises sales and further invoicing for refuse collection, heating, water and communication services.

### NOTE 2 OTHER EXTERNAL COSTS

SEK million	Group		Parent company	
	2013	2012	2013	2012
Remuneration to auditors includes the following EY				
Auditing in addition to audit engagement	4.9	5.4	0.1	0.5
Tax consultancy services				
Other services	2.1	1.9	1.7	0.8
Skatterådgivning	2.3	1.6		0.1
Övriga tjänster	3.7	0.9		
<b>Total remuneration to auditors</b>	<b>13.0</b>	<b>9.8</b>	<b>1.8</b>	<b>1.4</b>

The Group companies' purchases from the City of Stockholm amounted to SEK 691.8 (624.7) million. Sales by the City of Stockholm to the Group companies totalled SEK 3,039.7 (2,710.1) million.

Parent company purchases from other Group companies amounted to SEK 2.1 (3.7) million. Sales by the City of Stockholm to the parent company amounted to SEK 14.3 (16.6) million.

### NOTE 3 PERSONNEL

SEK million	Group		Parent company	
	2013	2012	2013	2012
Average no. of employees	2,392	2,307	6	5
Of whom men,%	59.0	61.0	30.0	40.0
Wages, salaries, other remuneration and social security costs				
Board of Directors, senior executives, MD, Deputy MD	35.8	35.8	2.0	2.0
Social security costs	20.6	24.7	3.9	1.1
of which pension costs	9.7	11.6	3.4	0.4
Other employees	1,099.9	1,050.0	4.8	5.3
Social security costs	557.8	506.6	1.4	2.7
of which pension costs	169.6	149.7	0.9	1.0
<b>Total wages, salaries and other remuneration</b>	<b>1,135.7</b>	<b>1,085.8</b>	<b>6.8</b>	<b>7.3</b>
Social security costs	578.4	531.3	5.8	3.8
of which pension costs	179.3	161.3	4.3	1.4



## Remuneration to senior executives within the Group

### Group

Fees to Board members are paid in accordance with the principles established by the City Council. Fixed salaries are paid to senior executives in the Group and there are no bonus or incentive systems.

### Parent company

The members of the Board of Directors are elected by the City Council. The Board's permanent members comprise three women and six men. There are six female and three male deputy members. The Chairman has been paid SEK 70,000 (69,000) and the Vice Chairman SEK 56,000 (55,000) in remuneration.

The Managing Director of the parent company is also the Chief Executive Officer of the City of Stockholm and is paid solely by the City. The Deputy Managing Director has the same terms of employment as the City's chief administrative officers. These terms entail permanent employment with the entitlement to pension benefits according to the PA-KL pension plan after 12 years of employment, but not before the age of 60. In the event of termination of employment by the company, the severance pay entitlement is two years' salary. Other employees in the parent company are senior executives. These employees receive no supplementary salary. They have pension entitlements in accordance with the PA-KFS or PFA/KAP-KL pension plans.

### Remuneration and other benefits during the year (in SEK thousand)

Irene Svenonius, Managing Director, parent company, paid by the City of Stockholm

Per Blomstrand, Deputy Managing Director, parent company

Basic salary: 1,735 (1,699)

Pension provision (31 Dec. 2013) and contingent liability (31 Dec. 2012) 6,764 (6,384).

PA-KL pension age from 60

### Group employees

Compared with the preceding year, the number of employees in the Group (average number of full-year employees, actual hours worked) is

increasing, and amounted to 2,128 (2,061) at year-end. Of these, 1,290 were men. Among the men, 50% were aged 50 or over, while the corresponding figure for women was 42%. A contributing factor to the increase in the number of employees was the merger of Kulturhuset into the company Stockholms Stadsteater.

Of the total annual work time within the Stockholms Stadshus AB Group, the number of hours worked, meaning time present at work, represented 86%. Holiday represented 11%, sick leave 3%, parental leave 2% and the remainder was other leave.

Total sick leave remained at a low level, 3.3% (3.4%) of regular working hours, and declined somewhat compared with the preceding year.

Long-term sick leave (at least 60 days) accounted for 35% of total sick leave, which is on a par with the level in the preceding year. Short-term sick leave (one to 14 days) accounted for 52% of total sick leave.

### Group pension plans

**PA-KL** is a defined-benefit gross pension plan that applied to employees within the municipality and County Council. For most employees, this pension agreement has been replaced by another agreement, but still applies to certain managers.

Under the PA-KL plan, the employer offers a gross pension equivalent to a certain salary level.

**PFA** is a pension plan for municipal and County Council employees comprising a defined-contribution old-age pension and a defined-benefit supplementary old-age pension. In 2006, PFA was replaced by KAP-KL, which is also a defined-contribution old-age pension with a supplementary defined-benefit addition. The transition regulations are complicated and will impact the Group's results for a number of years.

**PA-KFS** is similar to an ITP occupational pension plan for employees of municipal companies. It primarily includes a defined-benefit old-age pension, a supplementary old-age pension and a survivor pension.



**NOTE 4 AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Intangible assets				
Capitalised development expenditure 20–33%	-18.7	18.3		
Leaseholds 20%				
<b>Total</b>	<b>-18.7</b>	<b>-18.3</b>	<b>0.0</b>	<b>0.0</b>
Property, plant and equipment				
Buildings and land 2–20%	-2,196.2	2,052.6		
Plant and machinery 2–33%	-272.0	262.3		
Equipment 2–33%	-71.2	73.9	-0.2	-0.2
<b>Total</b>	<b>-2,539.4</b>	<b>-2,388.8</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Total depreciation/amortisation</b>	<b>-2,558.1</b>	<b>-2,407.1</b>	<b>-0.2</b>	<b>-0.2</b>

**NOTE 5 IMPAIRMENT LOSSES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Property, plant and equipment				
Buildings and land	11.0	64.0		
<b>Total impairment losses</b>	<b>11.0</b>	<b>64.0</b>	<b>0.0</b>	<b>0.0</b>

**2013**

Stockholmskem: Reversal of previous impairment losses totalling SEK 9.5 million in Bäverdalen 1.

SISAB: The reversal of previous impairment losses amounted to SEK 4 million. The reversals are attributable to Kvarnpigan 2, Knutby School.

Micasa Fastigheter: Impairment losses in the company amounted to SEK -2.5 million. The impairment losses relate to new construction work in group accommodation on the properties Sjuksköterskan 7 totalling SEK -2.5 million.

**NOTE 6 DIVIDENDS FROM SUBSIDIARIES**

Dividends from subsidiaries were as follows: Svenska Bostäder SEK 1,351.0 (415.7) million, Familjebostäder SEK 1,506.4 (614.0) million, Stockholmskem SEK 511.6 (262.2) million, Stockholm Vatten AB SEK 3.1 million and Stokab SEK 18.0 million.

**NOTE 7 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Interest	329.1	327.2	306.2	302.1
Interest subsidies		0.5		
Other	0.1	0.4		
<b>Total</b>	<b>329.2</b>	<b>328.1</b>	<b>306.2</b>	<b>302.1</b>
of which from the City of Stockholm	315.8	316.7	305.5	301.4

The parent company accounts for the majority of the Group's interest income. The government interest subsidies previously received by the housing companies in connection with new construction have been gradually phased out and were discontinued as of 2013.

**NOTE 8 TAXES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
<i>Information regarding taxes in the income statement</i>				
Current tax rate,%	22.0	26.3	22.0	26.3
<i>Current tax</i>				
Recognised profit before tax	1,340.7	3,006.4	3,373.6	1,346.8
Tax according to current tax rate	-295.0	-790.7	-742.1	-354.2
Tax effects of expenses which are not tax deductible	-12.5	-28.9		
Tax effects of profit-related Group adjustments	-19.2	24.3		
Tax effect of consolidated capital gains	11.0	9.9		
Tax effect of untaxed reserves	-13.4	-18.4		
Tax effect of income which is not liable for tax	19.4	13.0	741.9	344.7
Utilised, previously unrecognised loss carry-forwards	5.1	1.6		
Current tax, earlier years	7.7	-3.0		
Effect of changed tax rate	1.6	285.1		
Operations exempt from income tax (S:t Erik Livförsäkring AB)	7.8	7.4		
<b>Recognised tax expense</b>	<b>-287.5</b>	<b>-499.7</b>	<b>-0.2</b>	<b>-9.5</b>
<i>Information regarding taxes in the balance sheet</i>				
Current tax assets	461.9	204.6	110.3	110.3
Current tax liabilities	-144.8	-49.4	-0.2	-9.5
<i>Deferred tax receivables</i>				
Difference between taxable/ accounting values of properties	173.0	156.2		
Non-taxable provisions	2.6	3.0		
UER investments 93/94	32.3	34.6		
Mortgage item	42.9	46.1		
Contingent property sales		7.5		
<b>Total deferred tax assets</b>	<b>250.8</b>	<b>247.4</b>	<b>0.0</b>	<b>0.0</b>
<i>Deferred tax liabilities</i>				
Deferred tax surplus values	-159.4	-231.2		
Untaxed reserves	-1 578.1	-1 586.8	0.0	0.0
Other deferred tax liabilities	-29.4	-9.1		
<b>Total deferred tax liabilities</b>	<b>-1 766.9</b>	<b>-1 827.1</b>	<b>0.0</b>	<b>0.0</b>

**NOTE 9 INTANGIBLE ASSETS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
<b>Capitalised development expenditure</b>				
Opening cost	157.5	132.6		
Acquisitions for the year	4.8	6.4		
Reclassifications	1.4	24.1		
Disposals	-0.1	-5.6		
<b>Closing cost</b>	<b>163.6</b>	<b>157.5</b>	<b>0.0</b>	<b>0.0</b>
<i>Opening amortisation</i>				
Amortisation for the year	-18.6	-18.3		
Disposals	0.1	5.6		
<b>Closing amortisation</b>	<b>-91.4</b>	<b>-72.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing net value</b>	<b>72.2</b>	<b>84.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Leaseholds</b>				
Opening cost	27.6	27.6		
Disposals				
<b>Closing cost</b>	<b>27.6</b>	<b>27.6</b>	<b>0.0</b>	<b>0.0</b>
<i>Opening amortisation</i>				
	-26.8	-26.8		
<i>Closing amortisation</i>				
	-26.8	-26.8	0.0	0.0
<b>Closing net value</b>	<b>0.8</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Goodwill</b>				
Opening cost	23.3	23.3		
Closing cost	23.3	23.3	0.0	0.0
<i>Opening amortisation</i>				
	-21.2	-21.2		
<i>Closing amortisation</i>				
	-21.2	-21.2	0.0	0.0
<i>Opening impairment losses</i>				
	-2.1	-2.1		
<i>Closing impairment losses</i>				
	-2.1	-2.1	0.0	0.0
<b>Closing net value</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total intangible assets</b>	<b>73.0</b>	<b>85.4</b>	<b>0.0</b>	<b>0.0</b>



**NOTE 10 BUILDINGS AND LAND**

SEK million	Group		Parent company	
	2013	2012	2013	2012
<b>Buildings</b>				
Opening cost	78,547.9	73,500.4		
Acquisitions for the year	245.5	2,090.8		
Sales/disposals	-687.3	-2,128.2		
Reclassifications	5,662.7	5,089.0		
Expensed investments		-4.1		
Closing cost	83,768.7	78,547.9	0.0	0.0
Opening depreciation	-21,363.7	-19,857.2		
Depreciation for the year	-2,186.8	-2,042.1		
Sales/disposals	168.5	608.5		
Reclassifications	-47.3	-73.0		
Closing depreciation	-23,429.4	-21,363.7	0.0	0.0
Opening write-ups	546.2	558.5		
Depreciation for the year	-9.4	-10.5		
Sales/disposals	-23.9	-46.7		
Reclassifications	0.0	44.9		
Closing write-ups	512.9	546.2	0.0	0.0
Opening impairment losses	-1,656.6	-1,653.0		
Impairment losses for the year	-2.5	-13.6		
Reversal of impairment	13.5	10.0		
Sales/disposals	-5.5	-58.1		
Reclassifications		58.1		
Closing impairment losses	-1,651.1	-1,656.6	0.0	0.0
<b>Closing net value, buildings</b>	<b>59,201.2</b>	<b>56,073.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Land</b>				
Opening cost	5,871.4	5,766.0		
Acquisitions for the year	126.2	211.0		
Sales/disposals	-23.6	-119.2		
Reclassifications	0.0	13.6		
Closing cost	5,973.9	5,871.4	0.0	0.0
Opening impairment losses	0.0	-19.5		
Reversal of prior impairment losses		19.5		
Closing impairment losses	0.0	0.0		
<b>Closing net value, land</b>	<b>5,973.9</b>	<b>5,871.4</b>	<b>0.0</b>	<b>0.0</b>
Tax assessment value of buildings	45,121.2	45,963.6		
Tax assessment value of land	29,477.5	28,037.9		
Fair value	129,900.0	123,845.0		

Impairment losses for the year and reversals of previous years' impairment losses are recognised in Note 5.

*Fair value is calculated as follows:*

Svenska Bostäder: Internal valuation of property portfolio. Analysis based on current property market information based on a valuation model developed by Datcha. External appraisers have reviewed a representative selection of internally valued properties. An external valuation was conducted for Vällingby City.

Familjebostäder: Portfolio valuation carried out by external, independent valuation companies.

Stockholmshem: Portfolio valuation carried out by external, independent valuation companies.

Micasa: Portfolio valuation carried out in consultation with external, independent valuation companies.

The valuations of the housing companies' property holdings have been calibrated and co-ordinated on the basis of selected valuation principles and reviewed by external appraisers.

SISAB: Internal yield assessment based on the recoverable amount.

Stockholms Hamnar: Valuation carried out by external, independent valuation company, based on market value.

**Overview of investment properties**

	2013	2012
<i>Of the values for buildings and land above, the following net values refer to buildings held for investment purposes:</i>		
Income	53,258.1	50,654.8
Operating costs	6,323.9	4,922.7
Other expenses	-4,251.1	-3,571.6
Financial expenses	-1,187.6	-748.6
	-343.0	-203.1
<b>Result</b>	<b>542.2</b>	<b>399.4</b>
<i>Information on government subsidies</i>		
<i>Government subsidies included in income</i>		
Interest subsidies included in financial income		53.9

**NOTE 11 PLANT AND MACHINERY**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Opening cost	8,043.0	7,562.8		
Acquisitions for the year	6.9	10.7		
Sales/disposals	-34.6	-63.2		
Reclassifications	868.5	532.7		
Closing cost	8,883.8	8,043.0	0.0	0.0
Opening depreciation	-2,650.5	-2,437.0		
Depreciation for the year	-273.6	-262.3		
Sales/disposals	24.2	48.8		
Reclassifications	-480.2	0.0		
Closing depreciation	-3,380.1	-2,650.5	0.0	0.0
Opening impairment losses	-1.0	-1.0		
Closing impairment losses	-1.0	-1.0	0.0	0.0
<b>Closing net value, plant and machinery</b>	<b>5,502.7</b>	<b>5,391.6</b>	<b>0.0</b>	<b>0.0</b>

**NOTE 12 EQUIPMENT**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Opening cost	1,058.3	1,054.4	1.3	1.2
Acquisitions for the year	31.6	14.4		0.6
Sales/disposals	-76.4	-55.9		-0.4
Reclassifications	44.3	45.4		
Closing cost	1,057.8	1,058.3	1.3	1.4
Opening depreciation	-496.4	-448.2	-0.4	-0.6
Depreciation for the year	-71.2	-73.9	-0.1	-0.2
Sales/disposals	35.8	26.0		0.4
Reclassifications	-0.6	-0.3		
Closing depreciation	-532.5	-496.4	-0.5	-0.4
Opening impairment losses	-5.6	-5.6		
Closing impairment losses	-5.6	-5.6	0.0	0.0
<b>Closing net value, equipment</b>	<b>519.8</b>	<b>556.3</b>	<b>0.8</b>	<b>1.0</b>

**NOTE 13 CONSTRUCTION IN PROGRESS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Opening cost	9,637.1	8,464.0		
Acquisitions for the year	8,119.2	7,654.5		
Sales/disposals	0.0	-56.2		
Reclassifications	-5,941.8	-5,619.6		
Expensed investments	-659.0	-805.7		
Closing cost	11,155.5	9,637.1	0.0	0.0
Opening depreciation	-1.2	0.0		
Depreciation for the year	1.6	-1.2		
Reclassifications	-0.4			
Closing depreciation	0.0	-1.2	0.0	0.0
Opening impairment losses	-12.0	-13.1		
Reclassifications		1.1		0.0
Closing impairment losses	-12.0	-12.0	0.0	0.0
<b>Closing net value</b>	<b>11,143.5</b>	<b>9,623.9</b>	<b>0.0</b>	<b>0.0</b>



**NOTE 14 PARTICIPATIONS IN GROUP COMPANIES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Opening cost			6 572,7	6 572,7
Closing costs			6 572,7	6 572,7

	Capital/ votes,%	No. of shares	Carrying amount		Corp. ID No	Domicile
			2013	2012		
<b>AB Svenska Bostäder</b>	100%	15,190,000	2,087.9	2,087.9	556043-6429	Stockholm
Fastighets AB Burspråket	100%				556021-5336	Stockholm
AB Stadsholmen	91%				556035-1511	Stockholm
Fastighets AB Centrumhuset Vällingby	100%				556203-5559	Stockholm
IT-BO i Stockholm AB	100%				556615-7292	Stockholm
Svenska Bostäder L-Bolag 1 AB	100%				556748-4141	Stockholm
<b>AB Stadsholmen</b>	9%		0.4	0.4	556035-1511	Stockholm
<b>AB Familjebostäder</b>	100%	7,500,000	1,398.2	1,398.2	556035-0067	Stockholm
AB Familjebostäder Fastighetsnät	100%				556715-5386	Stockholm
Hemmahamnen Kontor AB	100%				556736-2156	Stockholm
Hemmahamnen Bostad AB	100%				556736-2222	Stockholm
Fastighets AB Pendlaren 1	100%				556751-6223	Stockholm
Gyllene Ratten Ny AB	100%				556876-3196	Stockholm
<b>Micasa Fastigheter i Stockholm AB</b>	100%	15,000	29.9	29.9	556581-7870	Stockholm
<b>AB Stockholmshem</b>	100%	17,640,000	1,630.2	1,630.2	556035-9555	Stockholm
Västertorp Energi AB	100%				556052-2160	Stockholm
Bostads AB Hammarbygård	100%				556664-4745	Stockholm
AB Stockholmshem Fastighetsnät	100%				556715-5394	Stockholm
Asignalen S5 AB	100%				556730-2681	Stockholm
Asignalen Å5 AB	100%				556730-5783	Stockholm
Fastighets AB Syl 3	100%				556660-5555	Stockholm
<b>Bostadsförmedlingen i Stockholm AB</b>	100%	1,000	0.1	0.1	556057-8303	Stockholm
<b>Skolfastigheter i Stockholm AB</b>	100%	5,000	158.3	158.3	556034-8970	Stockholm
<b>Stockholm Vatten AB</b>	98%	980	122.4	122.4	556210-6855	Stockholm
Stockholm Vatten VA AB	100%				556175-1867	Stockholm
<b>Stockholms Hamn AB</b>	100%	500,000	96.9	96.9	556008-1647	Stockholm
Kapellskärs Hamn AB	91%				556189-1010	Stockholm
Nynärhamns Hamn AB	100%				556038-0882	Stockholm
<b>AB Stokab</b>	100%	500,000	159.9	159.9	556475-6467	Stockholm
S:t Erik Kommunikation AB	100%				556738-9951	Stockholm
S:t Erik Fiber AB	100%				556801-6603	Stockholm
<b>Stockholms Stads Parkerings AB</b>	100%	40,000	49.8	49.8	556001-7153	Stockholm
<b>Stockholms Stadsteater AB</b>	100%	12,500	1.2	1.2	556026-1553	Stockholm
<b>Stockholm Globe Arena Fastigheter AB</b>	100%	180	369.0	369.0	556206-4914	Stockholm
Stockholmsarenan AB	100%				556564-2633	Stockholm
Arenan 9 Norra Fastigheten AB	100%				556862-4182	Stockholm
Stockholm Entertainment District AB	100%				556862-4166	Stockholm
Södra Byggrätten Globen AB	100%				556862-4174	Stockholm
<b>S:t Erik Försäkrings AB</b>	100%	100,000	119.8	119.8	516401-7948	Stockholm
<b>S:t Erik Markutveckling AB</b>	100%	1,000	232.1	232.1	556064-5813	Stockholm
Fastighets AB G-mästaren	100%				556605-2170	Stockholm
Fastighets AB Runda Huset	100%				556605-2386	Stockholm
Stockholm Norra Station AB	100%				556661-9929	Stockholm
Fastighets AB Styckmästaren	100%				556026-2049	Stockholm
Fastighets AB Charkuteristen	100%				556745-4862	Stockholm
Fastighets AB Tuben	100%				556048-0328	Stockholm
Fastighets AB Kylrummet	100%				556862-8142	Stockholm
Kylfacket Förvaltning AB	100%				556566-6111	Stockholm
Fastighets AB Palmfelt Center	100%				556833-4535	Stockholm
<b>Stockholm Business Region AB</b>	100%	21,000	9.1	9.1	556491-6798	Stockholm
Stockholm Visitors Board AB	100%				556027-5736	Stockholm
Stockholm Business Region Development AB	100%				556083-1306	Stockholm
<b>S:t Erik Livförsäkring AB</b>	100%	100,000	100.0	100.0	516406-0427	Stockholm
<b>AB Glasbrukskvarteret SWF</b>	100%	40,000	7.5	7.5	556409-1832	Stockholm
<b>Total</b>			6,572.7	6,572.7		

**NOTE 15 PARTICIPATIONS IN ASSOCIATED COMPANIES**

SEK million	Note	Group		Parent company	
		2013	2012	2013	2012
Opening cost		5.2	5.0		
Acquisitions during the year		28.0		28.0	
Sales/disposals			-0.6		
Share in profit for the year		-12.4	0.8		
Closing net value		20.8	5.2	28.0	0.0

	Capital/ votes, %	No. of shares	Carrying amount		Corp. ID No.	Domicile
			2013	2012		
Sydvästra Stockholmsregionens VA-verks AB, SYVAB	33%	40	3.2	3.2	556255-1928	Stockholm
Nynäshamns Mark AB	50%	2,000	2.0	2.0	556314-3113	Stockholm
Mässfästigheter i Stockholm AB	50.4%	100,800	15.6	0.0	556094-5627	Stockholm
<b>Total</b>			<b>20.8</b>	<b>5.2</b>		

**NOTE 16 OTHER SECURITIES HELD AS NON-CURRENT ASSETS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Opening cost	2,003.0	1,761.7		
Acquisitions during the year	208.8	241.3		
Sales/disposals	-256.9			
Closing accumulated cost	1,954.9	2,003.0	0.0	0.0
<b>Closing net value</b>	<b>1,954.9</b>	<b>2,003.0</b>	<b>0.0</b>	<b>0.0</b>

The holding of securities refers to S:t Erik Livförsäkring's investments.

**NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Accrued interest income	7.5	4.4		
Accrued rents	1.8	2.3		
Other accrued income	162.2	142.0	0.2	0.8
Other prepaid expenses	231.3	232.8		
<b>Total prepaid expenses</b>	<b>402.8</b>	<b>381.5</b>	<b>0.2</b>	<b>0.8</b>

**NOTE 18 PROVISIONS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
<b>Provisions for pensions</b>				
Provision at beginning of year	34.8	43.2	3.4	3.0
Provision for the year, net	2.0	-8.4	3.4	0.4
Provision at year-end	36.8	34.8	6.8	3.4
Pension provisions				
S:t Erik Livförsäkring	1,566.7	1,699.4		
<b>Other provisions</b>				
Provision at beginning of year	4.8	15.8		
Other provisions for the year	94.7	0		
Utilised during the year	-2	-11.0		
Provision at year-end	97.5	4.8	0.0	0.0

Most Group companies have the majority of their pension liabilities insured with S:t Erik Livförsäkring (refer to accounting policies). Pension provisions recognised by the companies refer to guarantee pensions and collective agreement occupational pensions. Other provisions for the year relate to repayments to Stockholm County Council by Stokab totalling SEK 3.4 million.

During the year, S:t Erik Markutveckling released the remaining provision totalling SEK 2.0 million for oil remediation costs.

Stockholm Vatten has a provision totalling SEK 91 million, of which SEK 69 million was allocated in 2013. The provision relates to a dispute concerning the company's right to differentiate the price it charges road owners for the handling of surface water. Stockholm Vatten's pricing model was not upheld by the Swedish Water Supply and Sewage Tribunal and the company has now appealed the decision in the Court of Appeal. During the year, Stockholms Hamnar made a provision of SEK 2.5 million for a contentious receivable.



**NOTE 19 TOTAL NON-CURRENT LIABILITIES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Other non-current liabilities	15.1	15.2		
<b>Total non-current liabilities</b>	<b>15.1</b>	<b>15.2</b>		
Non-current interest-bearing liabilities	15.1	15.2		
Current interest-bearing liabilities	43,773.1	36,616.3	0.0	0.0

Of the non-current liabilities, SEK 0 (0) million in the Group falls due for payment more than five years after the balance sheet date. Company borrowings are conducted in accordance with the City of Stockholm's finance policy for the Municipal Group through the City's Finance Department.

**NOTE 20 ACCRUED EXPENSES AND DEFERRED INCOME**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Holiday pay liability	110.8	102.4	0.5	0.4
Social security contributions	43.3	41.5	0.1	0.1
Deferred rental income	630.6	560.0		
Other deferred income	606.4	533.5		
Other accrued expenses	1,121.3	709.0	2.5	2.5
<b>Total accrued expenses</b>	<b>2,512.4</b>	<b>1,946.4</b>	<b>3.1</b>	<b>3.0</b>

**NOTE 21 CONTINGENT LIABILITIES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Guarantees and contingent liabilities	75.3	75.1		
Pension commitments	7.6	9.4		3.0
<b>Total contingent liabilities</b>	<b>82.9</b>	<b>84.5</b>	<b>0.0</b>	<b>3.0</b>

Familjebostäder recognised deferred land registration costs relating to the property portfolio in Farsta totalling SEK 54.0 million. The parent company has issued capital adequacy guarantees for the benefit of: Stockholms Stadsteater, S:t Erik Markutveckling, Stockholm Globe Arena Fastigheter and Micasa Fastigheter. The capital adequacy guarantees are not for specific amounts and not included in total contingent liabilities.

**NOTE 22 NON-CASH ITEMS**

SEK million	Group		Parent company	
	2013	2012	2013	2012
Depreciation/amortisation	2,558.1	2,407.1	0.2	0.2
Impairment losses	-11.0	-64.0		
Provisions	-37.9	-26.0	3.4	0.4
Change in interest receivable	-3.0	15.5		15.3
Other	20.5	13.7		
<b>Total non-cash items</b>	<b>2,526.7</b>	<b>2,346.3</b>	<b>3.6</b>	<b>15.9</b>

**NOTE 23 ACQUISITION OF PROPERTIES**

SEK million	Group		Parent company	
	2013	2012	2013	2012
AB Familjebostäder	108.8	175.4		
AB Stockholmshem	165.9	769.1		
AB Svenska Bostäder		352.0		
Stockholm Stads Parkering AB		20.9		
S:t Erik Markutveckling AB	84.3	954.3		
Other properties	12.6	30.0		
<b>Total acquisitions</b>	<b>371.6</b>	<b>2,301.7</b>	<b>0.0</b>	<b>0.0</b>

Familjebostäder acquired properties in Älvsjö.

Stockholmshem acquired land areas and properties in Årsta and other areas.

S:t Erik Markutveckling acquired Sandstuhagen 3 and final settlement took place for the Palmfelt Center property in the Globen area.

**NOTE 24 ANNUAL GENERAL MEETING**

The Annual General Meeting will be held at City Hall at 9:00 a.m. on 3 April 2014.



## PROPOSED APPROPRIATION OF PROFITS

### GROUP

The Group's non-restricted equity according to the consolidated balance sheet amounts to SEK 38,905.9 million.

### PARENT COMPANY

At the disposal of the Annual General Meeting

Profit brought forward	13,479,327,950 kr
Net profit for the year	3,373,403,761 kr

<b>Total</b>	<b>16,852,731,711 kr</b>
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The Board of Directors proposes that the earnings be appropriated as follows

Paid as dividends to shareholders (SEK 350.88 per share)	1,000,000,000 kr
To be carried forward	15,852,731,711 kr

**16,852,731,711 kr**

Stockholm den 17 mars 2014

Sten Nordin  
Styrelseordförande

Karin Wanngård  
Vice ordförande

Lotta Edholm

Tord Bergstedt

Per Ankersjö

Anders Hellström

Daniel Heldén

Ann Mari Engel

Emilia Bjuggren  
Suppleant

Irene Lundquist Svenonius  
VD

Min revisionsberättelse har avgivits  
den 20 mars 2014

Mikael Sjölander  
Auktoriserad revisor



## AUDITOR'S REPORT

### **TO THE ANNUAL GENERAL MEETING OF STOCKHOLMS STADSHUS AB CORP. ID NO. 556415-1727**

#### **Report on the annual accounts and the consolidated financial statements**

We have audited the annual accounts and the consolidated financial statements of Stockholms Stadshus AB for the 2013 financial year. The company's annual accounts and the consolidated financial statements are included in the printed version of this document on pages 49-70.

#### *The Board's and Managing Director's responsibility for the annual accounts and consolidated financial statements*

The Board and Managing Director are responsible for preparing annual accounts and consolidated financial statements which provide a true and fair picture in accordance with the Swedish Annual Accounts Act, and for the internal control which the Board and Managing Director deem necessary in order to prepare annual accounts and consolidated financial statements that are free of material misstatement, whether due to improper action or error.

#### *The auditor's responsibility*

Our responsibility is to express our opinion on the annual accounts and the consolidated financial statements based on our audit. We have carried out the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we meet professional ethical requirements and that we plan and perform the audit to ob-

tain reasonable assurance that the annual accounts and consolidated financial statements are free of material misstatement.

An audit includes obtaining, through various measures, audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The auditor chooses which measures are taken, for example by assessing the risk of material misstatements in the annual accounts and the consolidated financial statements, whether due to improper action or error. During this risk assessment, the auditor observes the parts of the internal control of relevance to how the company prepares its annual accounts and consolidated financial statements in order to provide a true and fair picture with the aim of performing audit procedures which are appropriate with regard to the circumstances, but not with the aim of expressing an opinion on the effectiveness of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting policies used and of the reasonability of the Board's and Managing Director's estimates in the accounts, as well as an evaluation of the overall presentation of the annual accounts and consolidated financial statements.

We are of the opinion that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our statements.

#### *Statements*

In our opinion, the annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and, in all material

respects, provide a true and fair picture of the parent company's and Group's financial position on 31 December 2013, and of their financial results and cash flows for the year in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and Group be adopted.

#### **Report on other requirements in accordance with legislation and other statutes**

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the proposed distribution of the company's profit or loss as well as the Board's and Managing Director's administration of Stockholms Stadshus AB for 2013.

#### *The Board's and the Managing Director's responsibility*

The Board is responsible for the proposed distribution of the company's profit or loss, and the Board and Managing Director are responsible for the administration of the company in accordance with the Companies Act.

#### *The auditor's responsibility*

Our responsibility is to express an opinion with reasonable assurance on the proposed distribution of the company's profit or loss and on the administration of the company based on our audit. We have carried out the audit in accordance with generally accepted

auditing standards in Sweden.

As a basis for our opinion concerning the Board's proposed distribution of the company's profit or loss, we examined the Board's justifying statement and a selection of evidence for this in order to be able to assess whether the proposal is consistent with the Companies Act.

As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in addition to our audit of the annual accounts and the consolidated financial statements in order to be able to determine the liability, if any, to the company of any Board member or the Managing Director. We also examined whether any Board member or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We are of the opinion that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our statements.

#### *Statements*

We recommend to the annual meeting of shareholders that the profit be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, 20 March 2014

Mikael Sjölander  
Authorised Public Accountant



## LAY AUDITOR'S REVIEW

### **TO THE ANNUAL GENERAL MEETING OF STOCKHOLMS STADSHUS AB CORP. ID NO. 556415-1727**

I, in my capacity as lay auditor appointed by Stockholm City Council, have examined Stockholm Stadshus AB's operations in 2013.

The Board of Directors and Managing Director are responsible for ensuring that the operations are conducted in accordance with the prevailing Articles of Association, owner directives and decisions, and the regulations that apply to the operation.

The responsibility of the lay

auditor is to examine the operation and internal control and assess whether the operation has been conducted in accordance with the City Council's mandates and objectives and the regulations governing the operation. A summary of the review is reported in a separate review memorandum dated 18 February 2014, which has been presented to the company's Board of Directors.

This audit was conducted in accordance with the Swedish Companies Act, the Swedish Local Government Act, generally accepted auditing standards and audit rules of the municipality as well as approved owner directives.

The audit was performed with the approach and scope required to provide reasonable grounds for my opinion.

The company's operations have, in my judgment and to all intents and purposes, been conducted in an appropriate and satisfactory manner from a financial viewpoint, and the company's internal control has been adequate.

Stockholm, 18 February 2014

**Bengt Akalla**  
Lay auditor appointed by  
Stockholm City Council



# Board of Directors and Auditors

## The Board of Directors of Stockholms Stadshus AB

Stockholm City Council has delegated the operational ownership control of the companies to the Board of Directors of Stockholms Stadshus AB – the Group Board of Directors – which comprises a politically appointed

Board reflecting the distribution of seats in the City Council.

The Group Board of Directors is to comprise not fewer than five and not more than nine members, with not fewer than three and not more than nine deputies, who are elected by the City Council. The Group Board of Directors is as-

signed the overall responsibility of co-ordinating the companies in the Group and shall ensure, for example, that the companies follow the guidelines and financial framework established by political decisions. It is the task of the Board to clarify the strategic guidelines for the City Council

and to provide the City Council with the supporting documentation necessary for balancing the requirements for financial return against the requirements for social input that the City Council may impose on the companies. Further information is provided on page 24.



### Board of Directors, permanent

*Front, from left:* Lotta Edholm (FP), Daniel Helldén (MP), Sten Nordin – Chairman (M), Karin Wanngård – Vice Chairman (S), Per Ankersjö (C)

*Back, from left:* Anders Hellström (M), Ann Mari Engel (V), Tord Bergstedt (M), Tomas Rudin (S).



**Board of Directors, Deputies**

*Front, from left:* Marie Antman (V), Lotta Juul Martin-Löf (M), Emilia Bjuggren (S), Mariam Lahdo (M).  
*Back, from left:* Elias Granqvist (M), Sussi Kvant (FP), Joakim Larsson (M), Sören Häggroth (S), Sara Pettigrew (MP).



**Union representatives**

*From left:* Patrick Gavander (Vision), Member, Curt Öhrström (LO), Deputy, Mats Lagerman (LO), Member, Staffan Holmborn (Vision), Deputy.  
*Not in photograph:* Rita Gottberg (SACO), Deputy, Vacant (SACO), Member

**Auditors**

Mikael Sjölander (EY), Authorised Public Accountant, Ulrika Bergström (EY), Deputy Auditor, Authorised Public Accountant, Bengt Akalla (M), Lay Auditor, Bosse Ringholm (S), Deputy Lay Auditor

**Political party affiliations**

C = Centre Party  
 FP = Liberal Party  
 KD = Christian Democrats  
 M = Moderate Party  
 MP = Green Party  
 S = Social Democrats  
 V = Left Party





STOCKHOLM HAMNAR'S SOLAR PANEL INSTALLATION ON THE ROOF OF STOREHOUSE NO. 6 IN FRIHAMNEN 3:33 P.M.



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**STOCKHOLMS  
STADSHUS AB**